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BELGIUM

Tobback on Role, Happart Question, Gendarmerie
36190014 Brussels LE SOIR in French 13 Jun 88 p 3

[Interview by Guy Duplat and Alain Guillaume]

[Text] Of the new government, Socialist Louis Tobback is incontestably one of the strongest personalities—engaging and, in the opinion of some, irritating. He is sentimental and does not hesitate to sound off.

A native of Leuven, Tobback holds a degree in Romance philology from the Free University of Brussels. He started in politics at an early age and was elected deputy in 1974. Along with Karel Van Miert, he gave his party a more Flemish, more modern stamp at a time when a schism within the Socialist Party had become inevitable. A champion of the antimissile cause, he opposed the Zaire regime, initiated the alliance with the Christian left wing (Operation "Doorbraak"), and was for years a fierce supporter of the newspaper DE MORGAN. In short, he incarnated the new progressive Flemish left. However, it was above all as the flamboyant leader of the SP [Flemish-speaking Socialist Party] that he gained his political reputation. Always on the ball, tenacious, sure of his facts, at times crude and aggressive, he has attracted both the admiration and, occasionally, the irritation of many of his colleagues.

Now, at 50, this dyed-in-the-wool member of the opposition is a member of government. The pacifist has become "chief of police," the poacher game warden. As Minister of Interior, Modernization of the Civil Service, and National Bi-Cultural, Bi-Scientific Institutions, he is simultaneously responsible for the Happart problem, law and order, and the national opera.

If all goes according to SP plans, next 1 January Louis Tobback should replace Karel Van Miert as SP chairman when Van Miert replaces Willy De Clerq on the European Commission.

We met with this leading figure of Belgian politics.

The Minister's Self-Portrait

[LE SOIR] Aren't you surprised at being Minister of Interior?

[Louis Tobback] When I look at myself in the mirror, I find it amusing. It is the last job I saw for myself. But the Belgian system is like that. Balances in a five-party government are subtle, and surprises in the make-up are always possible. Remember that Leo Tindemans began as Minister of Agriculture. But even if I am at the Interior Ministry by political chance, I do not think it surprising that I am a minister. Moving back and forth between opposition leader and majority member does not bother me in the least. Moreover, I have been SP

leader since before when my party was in the majority, and that did not prevent me from having major disagreements with VBD [formerly prime minister?] and Simonet.

[LE SOIR] Won't you be more accommodating now that you are on the other side of the fence?

[Louis Tobback] I have no reason to be more accommodating as a member of the majority than as a member of the opposition. I do, on the other hand, have good reasons to be less critical at present, since I am working from a governmental compromise that I find largely acceptable. Such was obviously not the case in past years with the Social Christian-Liberal government agreement.

[LE SOIR] In the magazine KNACK, the editor-in-chief accuses you of accepting the missiles you refused in the past. Also, haven't you just agreed to extend the Gulf mission of the Belgian vessel "Crocus" even though you were violently opposed to sending Belgian ships a few months ago?

[Louis Tobback] I have no qualms about the missiles. Any one can look up my statements a few years back. I have always said that if there were a clear agreement to dismantle the missiles, they could stay in Florennes a year or two or even three before actually being removed. That agreement now exists, and at my first Council of Ministers meeting we approved their withdrawal. Fate does things right.

As for the Gulf, I admit I made a concession. I did give in. On the other hand, the situation in the Gulf had changed, since our ships had found their first mine, and especially since the mission of the "Crocus" has been extended within the context of firm schedule for the withdrawal of our troops.

It is true that Tobback the minister has to play by different rules than Tobback the opposition leader. I have accepted a governmental agreement, and I will respect even the points in it I like least; but my partners will have to respect the points I value.

[LE SOIR] You once compared Martens to Caligula, and here you are working side by side with him!

[Louis Tobback] I even said that Martens was worse than Caligula. But I was not comparing people, and those who only remember Caligula's debauchery did not understand what I meant. The statement was made in the context of a parliamentary argument. Mr Martens told Parliament not to ratify a special powers act and then demanded it be ratified because the Council of State said so. Caligula once made the Roman Senate appoint his horse consul. Similarly, Martens imposed his will on Parliament—twice.

As for Martens, I would say he is like beaujolais. He has good and bad years. I knew him when he was working for the progressive front and pluralistic schools in the young Flemish Social Christians. I was on the best of terms with Martens when he was party chairman. However, in 1981 he became a neo-Liberal, or at least he espoused neo-Liberal policies. That was too much; I had to fight him.

[LE SOIR] These days he is talking continuity.

[Louis Tobback] For me, the important thing is that I am able to carry out social democratic policies. The voters will judge what we do. Some will say there has been no change from previous policies. I would ask them to listen to Guy Verhofstadt, who is of a very different opinion. There is no need for me to weary myself. Verhofstadt is the one who expounds on the clean break in policies, and he is an intelligent man!

[LE SOIR] Is belt-tightening still on the agenda?

[Louis Tobback] We are not reversing the previous government's policies. A measure of continuity is imposed by international constraints. But within this context, the time has come to redeploy our efforts. For 6 years, a lot of people have been getting rich despite hard economic times. This must stop. It is a little late in saying so, but even the CSC [Confederation of Christian Trade Union] agrees.

[LE SOIR] Will you be SP chairman in January 1989?

[Louis Tobback] We shall see. In politics, nothing is ever certain... If the case arises, I will run for party chairman, but if Karel Van Miert were not to leave for Europe, or if the party preferred other solutions, I would begrudge no one if I did not become chairman. In any case, for now I intend to become thoroughly involved in my Ministry. It is growing on me; it interests me. There is a whole lot to do.

Happart Warned

[LE SOIR] Let's talk about the Happart problem. The Limburg government nullified all the acts made by Jose Happart in the capacity of burgomaster only a few hours later. Vice Prime Minister Philippe Moureaux has criticized this haste as a break with the status quo.

[Louis Tobback] The status quo prevails in the sense that there will be no commissioner sent to Fourons and no sanctions. I would have liked to send a commissioner to the commune. Also, the Limburg government was acting according to the status quo when it voided the acts Jose Happart promulgated on the basis of the letter of 6 July 1987 and the circular of 22 October 1987 sent to him by the minister of interior of the previous government, Joseph Michel. These nullifications had already been decided upon under the previous government with the support of Mr Gol.

The whole question boils down to whether we should have put on a show of letting things go for another 30 or 40 days and pretending total ignorance. I think that would have been bad. It is not good to leave people in doubt. If the acts were invalid, it was best to say so clearly right away. Moreover, I can see that this policy of clarity is bearing fruit. The next communal council has been called for 16 June; this time it has 48 items on the agenda, and the call is signed according to regulations—by Mr Lang, not Jose Happart. I hope all will go well. I am appealing to the good will of all concerned.

[LE SOIR] Have you asked the government to speed up procedures?

[Louis Tobback] An unimportant issue. I stand behind the government. However, if some people in Fourons want to play a dangerous little game of appearing on television every day, calling communal councils, and releasing statements to the press, I will not be manipulated. We will go back to taking the maximum time before we invalidate.

[LE SOIR] What if the commune is ungovernable?

[Louis Tobback] A bill that will solve the problem should be passed in Parliament this summer. A law can be imperfect and present legal difficulties, but this is a country where compromise is necessary. Those who scorn such notions should bear in mind that the only alternative to compromising is fighting amongst ourselves. The choice is between compromise and confrontation.

[LE SOIR] What will happen after the communal elections if the majority in Fourons chooses Jose Happart as their candidate for burgomaster again?

[Louis Tobback] What will happen is what Mr Moureaux and Mr Deprez recently stated so well. If Mr Happart wants to be burgomaster, he must disavow everything he has said up to now. There must be no doubt about his knowledge of Flemish or his willingness to speak it. For 6 years he has maintained that he will not learn the language as long as the status of Fourons is not changed. He will have to recant.

[LE SOIR] What proof would he have to give? Can he just say he knows Flemish?

[Louis Tobback] No, no, I am not going to get into a legal debate. But what I will say is that if we are going to resolve things politically, we will have to avoid playing little games. If one community or the other feels it has been had in this compromise, it will never work, even after it is voted into law. If next January first, somebody thinks he can thumb his nose at his neighbor and say, "We pulled a good one on you!" the situation will be

much worse than before. We will be beset by an institutional crisis the likes of which we have never seen. If some people think they are cleverer than others and that a mere formality will do, I fear the worst.

[LE SOIR] What about the burgomaster of Wezembeek-Ophem, who is threatening to boycott the communal elections to protest the draft legislation on the communes with facilities?

Mr de Grunne has been burgomaster for 40 years. His experience and his ability to bring Flemings and Walloons together merits that we listen to his arguments. When he speaks of boycotting elections, I think he does not realize the impact of his words. A burgomaster has sworn to uphold the constitution and the law.

Changes in the Gendarmerie

[LE SOIR] No sooner settled in his sumptuous ministerial office—temporarily, since a move is in order—Willy Tobback is already caught up in several tussles. What with settling the "H affair," the fallout from the Kuijpers affair (with Deputy Coveliers condemning the gendarmerie for "manipulation and [illegal] file-keeping,") and the purchase of new emergency medical aid helicopters for civil protection, the new head of the Interior Ministry already has enough to do. He can now put one of his pet ideas into practice: "It is not good to let things drag. It is bad to let an issue hang on and leave those concerned in doubt for too long."

Perhaps that is why the axe fell at the Council of Ministers meeting on the emergency medical aid helicopter service for civilian protection, for which Mr Tobback refuses to spend tens of millions to purchase emergency medical helicopters, contrary to the decision of his predecessor, Mr Michel.

[Louis Tobback] The axe did not fall on Heli-Secours [Heli-Help]. I have nothing against this service, but when I arrived at the Department of Interior, I saw that 40 million in the budget had been set aside for the purchase lease of a helicopter. I saw that agreements had been reached with Defense Ministry to operate a temporary system during the dangerous period of the summer. But apart from that, there were no specifications for the purchase of the helicopter, no call for bids, no indications about replacement parts or financing operating costs. In fact, it is completely absurd to ask my department to manage such a service.

Also, legally speaking, I should mention that there is a 1964 law (amended in 1971 and 1977) on the organization of emergency medical aid services. This law creates an emergency aid fund paid into by the insurance companies and managed by the Department of Public Health. This is the same department that is essentially responsible for these emergency aid problems. In fact, the law gives the Interior Ministry responsibility for setting up emergency call centers—the "100 Centers"—

and that is all. In simple terms: the emergency help telephone, that's me. The ambulances—and, obviously, the flying ambulances—that's somebody else.

[LE SOIR] That is probably true. But how can you explain all this to the family of the driver who died from serious road injuries in Jabbeke, or to the farmer in the Ardennes who lost an arm in his harvester. These people could have been saved if promptly rescued by helicopter.

[Louis Tobback] Of course there is no way to explain. That is why the Council of Ministers accepted my suggestion to get all the departments involved together within 2 weeks to find a way of covering the critical vacation period. Beyond that, a definitive solution will have to be found. I would of course prefer for the government to take responsibility for this emergency medical aid service if it is indispensable. However the funny thing is, we have been trying unsuccessfully to find a way to do so since 1974! Perhaps a shock like this was needed to get some action.

[LE SOIR] Another "shock" that has been in the news recently is incontestably the "gendarmerie affair" set off by Deputy Coveliers' remarks and then the investigation ordered by Willy Tobback.

[Louis Tobback] Yes, there has been a lot of talk, but that is not surprising. Mr Coveliers said some extremely serious things. He made accusations of paramount importance to which a minister is duty-bound to reply.

[LE SOIR] But, accusations aside, the gendarmerie is in for some extraordinarily deep-reaching reforms.

[Louis Tobback] Whatever comes of this investigation, I believe that major reforms are in order in the organization and oversight of our police force. Moreover, the government program deals with this subject.

[LE SOIR] Do you want to demilitarize the gendarmerie? Reorganize inspection procedures? Form a standing oversight committee? A parliamentary committee?

[Louis Tobback] The government program deals with this subject, you know—as does my party program. However, my job is to implement the government program, and I find a good number of ideas to my liking. Reread the government program. You will find sentences in it that deal—in general terms, of course—with all of these issues. Having said that, yes, I do have ideas. My department is working on several reform proposals. But of course, if important changes are called for, one person is not going to do it. The changes will be made with the full approval of us all, by consensus.

[LE SOIR] Is there already a calendar for the implementation of these reforms, with fixed dates?

[Louis Tobback] I want to make concrete proposals very quickly. It is in the interest of the gendarmerie and in everyone's interest. I think we should be able to manage to get out a concrete proposal by the end of July.

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FEDERAL REPUBLIC OF GERMANY

SPD Treasurer Klose Interviewed on Increase in Party Budgets

36200169 Hamburg DER SPIEGEL in German
20 Jun 88 pp 28-31

[DER SPIEGEL Interview with SPD Treasurer Hans-Ulrich Klose: "I Am Not Happy Either About Increased Government Subsidies to Political Parties"]

[Text]

[Question] Everybody is talking about saving—only the treasurers don't. How does the leftwing Social Democrat Hans-Ulrich Klose feel in the company of honorable pickpockets after the most recent coup to finance political parties?

[Answer] I thought the cooperation with my colleagues on that occasion was very pleasant. After all, we were able to discuss an issue for 2 months, without anybody from the press getting wise to it.

[Question] And everything takes the usual course: one person shoves, the other pushes, the third takes the wallet from the jacket, and the fourth watches so that nobody notices it.

[Answer] No, no, no.

[Question] This is what your profession looks like again: a concentrated swindle to get hold of the taxpayer's money.

[Answer] I consider this wording—even if it sounds nice—to be wrong and offensive. Because, first, we've made considerable efforts to save money and I can prove that; and, second, we've never made any secret of our desire to change the current regulation concerning opportunity equalization.

[Question] And, third, the difference between a treasurer and a pickpocket is that the latter gets punished, while the political parties legalize the self-service they benefit from.

[Answer] I'm not happy either about the increased subsidy. On the other hand, I think it is only fair to recognize that, in recent years all parties have made tremendous efforts to increase their share of self-financing and decrease the state share: from 45 percent in the mid-sixties to decidedly less than 30 percent in 1986. It is indisputable that we have accomplished something.

[Question] The Federal Constitutional Court has banned state financing of political parties and only permits a lump-sum payment for election campaign expenditures—DM5 per eligible voter. The amount depends on the number of votes cast. The basic amount you have set is something completely new: the tax money no longer depends on the number of voters and the outcome of the election. Can that really be permissible?

[Answer] No doubt, this is something that should not be passed without problem.

[Question] By whom? The Constitutional Court? And you have already passed it.

[Answer] No, we have not either. It isn't as if we have simply kept on marching, regardless of all the arguments, in an attempt to fill our coffers with money. We wanted to change opportunity equalization. That was our goal. If that would have been it, we would have been very satisfied. But nothing in the world is easy.

[Question] So the SPD only got a change in the—for the SPD—disadvantageous opportunity equalization scheme in terms of the basic amount, which costs DM68 million per legislative session.

[Answer] We have accepted it because I believe it can be justified and, second, because—how can I put it nicely—it favors the smaller parties.

[Question] Every party gets 1.5 percent of the DM226 million that is paid as an election campaign bonus—that's for a starter.

[Answer] Correct.

[Question] And where does it end? At 3 percent? And then, at 30 percent?

[Answer] That's the responsibility of the legislature to change it, or of the Constitutional Court. I don't know.

[Question] Do you hope for a legal suit?

[Answer] No, I don't think there would be any point in fighting it on a constitutional basis. But I am going to wait. Under constitutional law, I am as sure as I can possibly be. Who is sure?

[Question] So, the four treasurers have found a vein of gold. To what extent they are going to exploit this vein of gold, could that be something for their successors to decide?

[Answer] We have introduced a new element—that's correct. I don't believe this percentage rate can be manipulated at will, because that would bring up the problem of the state providing basic funds for the parties.

[Question] Where would you draw the line?

[Answer] I believe the 1.5 percent limit is exactly right. And I don't believe anybody—at least nobody among us—is thinking of manipulating the 1.5 percent figure. However, I can't guarantee that it will be so for all eternity.

[Question] Do you believe the basic amount the state is paying can be justified?

[Answer] Political parties are the service organizations of democracy. The democratic process cannot be organized without political parties. It is entirely proper for the state treasury to finance at least part of the expenditures of this service organization. At any rate, I greatly prefer this to getting the same amount of funding from private sponsors.

[Question] According to the Basic Law, the parties contribute to decision-making. Doesn't this special role obligate them to adhere almost painstakingly to transparency and truth in the budget? Instead, we are now having a larger grey zone.

[Answer] I think you don't have all the information. This grey zone existed until 1983, but then the situation changed rather dramatically.

[Question] With the new law on party financing.

[Answer] Every year we have to submit a report to the Bundestag president, and every year, I spend half a million in auditing fees. We have proper organization charts, we have a proper financial plan for the medium term, and everybody is welcome to look at it.

[Question] They want to expand the grey zone of anonymity: the names of only those contributors who give more than DM40,000 will be published. Until now, the limit was DM20,000. More transparency?

[Answer] Yes, I have to admit that this is another problem area. But one must not forget that this DM20,000 limit goes back to 1968 and since then there have, of course, been new developments. It would be nice if the limit were lower; but we have agreed on it and I share the responsibility.

[Question] We find it rather outrageous to excuse the loss of transparency with the rate of inflation.

[Answer] You cannot overlook the fact that the money amounts—I would now like to play the devil's advocate—where ethics start, undergo the same changes as the value of money. You just cannot keep a limit that was established at one time forever, saying: But when the limit is pushed up, that's where the grey zone begins. That is unrealistic.

[Question] Yes, but that's what you are doing. Until now the ethical limit—to use your words—was DM20,000, and now it's DM40,000.

[Answer] Correct. We have upped the limit to reflect developments. I believe that is justifiable.

[Question] With the reservation you mentioned earlier: this is one of the drawbacks as far as the SPD is concerned....

[Answer] ...it's a package.

[Question] Isn't it significant, Mr. Klose, that in every large party, the chairman gives money a giant berth. That's always the responsibility of the respective treasurer.

[Answer] This, in principle, is a good thing, I believe, although it doesn't apply to my current chairman. Fortunately, he is also interested in details, sometimes in many. What a treasurer has to do is to work so-to-speak as the party finance minister and to be able to say "no"—that's a particular kind of role, and no chairman....

[Question] ...wants to dirty his fingers.

[Answer] He wouldn't dirty them, but it's a highly unpopular job.

[Question] And nobody has words of praise for you?

[Answer] No, nobody has praised me. But I would very much like somebody to talk to me about the SPD budget and praise me for being such a frugal money manager.

[Question] Before doing so, we have a rather trivial question: why does the SPD need so much more money?

[Answer] My offer stands: Read my budget. We need it primarily to finance the election campaign. An election campaign costs between DM160-180 million. About half of it is financed from reimbursable election-campaign funds, the rest we pay ourselves.

[Question] Some DM180 million for an election campaign—is that a law of nature?

[Answer] No. That's the practice, and it cannot be changed overnight.

[Question] Have you ever discussed with your treasurer-colleagues what savings could be made in this area?

[Answer] No, I haven't. Whatever savings we can make—this is something I discuss with myself and my staff.

[Question] Still, you did it because you didn't have enough money.

[Answer] That's right. We don't have enough money because our personnel and administrative expenditures—I am talking primarily of the Bonn party in particular—constitute an increasingly higher proportion of our expenses.

[Question] That we don't understand. In 1986, the SPD collected a total of DM130.3 million from contributions and member fees. It spent DM93.8 million on personnel and on administrative matters according to the report submitted by Bundestag President Jenninger. Hence, there was a surplus of DM36.5 million.

[Answer] That's the entire party.

[Question] Added to these DM36.5 million were DM55.3 million in reimbursements for election-campaign expenditures; that totals up to DM91.8 million. Why shouldn't that be sufficient?

[Answer] You have to add to this other continuing costs. For example, rent for party office space, a continuing expense.

[Question] But we already have taken care of that: personnel and administrative expenditures have been paid. You had a surplus of DM36.5 million.

[Answer] These DM36.5 million are for the entire party, including all offices it maintains throughout the country, everything it does, what it does in local election campaigns, what it does in terms of information dissemination and what it does in Landtag elections. All this is included.

[Question] But then Bundestag President Jenninger's accounts aren't any good if they don't provide any details.

[Answer] That's a good question. At present we are submitting so-called assets statements. These are no budgets. In fact, I think it may be better to submit the respective budgets.

[Question] Why don't you do so?

[Answer] The problem is that I can't even put together a budget for the party as a whole. That is more than I can do. I am able to prepare one here for the overall party, and the others prepare theirs on their local or regional level, respectively. Indeed, combining the figures in one assets statement is not very illuminating.

[Question] How much does that hut, the house of the SPD directorate in Bonn, cost?

[Answer] Our budget here in Bonn totals currently about DM44 million, and of that, about DM24 million are financed from our own continuing revenues. The personnel budget is about DM19 million; administrative expenditures—office space, paper, printing, postage,

telephone, EDP—should run to about DM6 million. Then there is the other huge amount, about DM10 million—called political information expenses—for holding your forum meetings and program discussions. A party congress costs about DM300,000-400,000 a day, i.e., a total of about DM1.6 million. The next convention will be less expensive because it has been shortened at my request.

[Question] Some DM1.6 million for a party congress: much ritual, much unread paper. Is it really necessary?

[Answer] Well yes, the rituals are debatable. But the party conventions are necessary, they are part and parcel of the democracy.

[Question] By the way, how much does a special train that takes the chancellor-candidate across the country cost?

[Answer] That depends on the particular line and on the duration of the trip. But it does cost a lot of money, at an average about DM50,000 per trip. I also have raised the question whether that really makes sense.

[Question] And what answer did you get?

[Answer] I was told that, without such a special train, the media can't be there all the time to watch and to question the candidate. Therefore, the reporting will be different that is, it will be less intensive and friendly.

[Question] And the election campaign posters, are they effective?

[Answer] I doubt it.

[Question] Do you also talk about these doubts?

[Answer] Yes, we also express them. But there is a problem: whenever you limit the number of posters, your own party members get nervous. They see how the others paste them on everywhere, thinking: well, this is incredible, you aren't really in it anymore. And then it finally happens that we once again distribute some more, although I believe it is not very effective.

[Question] Does that mean that just because some people commit such nonsense, others copy it?

[Answer] I wouldn't put it in such harsh words, but I wouldn't reject the logic entirely.

[Question] Is it true that so far no cost-benefit analysis of the election campaign funds has been prepared, and that is true for all political parties?

[Answer] No such analysis has been made so far to the necessary extent. However, we will evaluate the use of the election campaign funds as part of the European election campaign. We have just agreed on that.

[Question] You will, of course, get a fabulous guide because this Europe-election campaign is well known as a pure election campaign for the treasurers: small risk, lots of state money.

[Answer] Small risk? I have my doubts.

[Question] The Europe-election campaign is the least expensive election campaign.

[Answer] It's less expensive than the Bundestag election campaign.

[Question] And you still get the same amount of money you get for the Bundestag election campaign. And therefore you are slanting the figures if you take it as an example for measuring the profitability of election campaigns.

[Answer] That's true. But at any rate one can test it, and this is what we are trying to do: which one of the media we are using—advertisements or TV spots or posters—has had what impact. In the past, we essentially did that on the basis of intuition.

[Question] Tell me a secret: what did your party chairman get when he told the federal chancellor that he would go along with the new regulation?

[Answer] Absolutely nothing, absolutely nothing!

[Question] Not even a breakfast?

[Answer] It was only a meeting to assure one another that we were going to do it, that we would go through with it, without running the risk of getting each other into trouble over the various problem issues. These are my own words.

[Question] The community of democrats.

[Answer] It was an understanding. I don't want to attribute too much importance to it. It was an understanding. I think that, under certain circumstances, those understandings make sense. There are instances when the parties must not profile each other because that would be at the expense of the party in question.

[Question] And especially not in instances which involve your own money?

[Answer] Then, too. I admit that. I do not distance myself from it. I only want to say that, in exceptional cases, I can also imagine it in other areas.

[Question] Is it that the students should soon decide how large a grant should be? And the jobless, what unemployment compensation they ought to get? And business should decide the amount of subsidies?

[Answer] No, of course not.

[Question] Only political parties should be allowed to make decisions on their finances?

[Answer] Parliament makes the decision. There is no other way. Who else should do it? That is a normal legislative procedure which is based on the principle that it is considered justifiable to finance a certain amount of party expenditures from public funds.

[Question] Have any of the treasurers ever expressed misgivings in regards to timing: When everybody is supposed to save money and make sacrifices, when the social security recipients, the sick and the unemployed are being shortchanged, just help yourself to it?

[Answer] No, that has not been discussed. For us, the starter was to get busy now, to inform the Bundestag president because he was the one who had recommended in his report that the factions also look at the opportunity equalization problem as part of the new formulation of the party law. This, in fact, is also what I wanted. I am stating that very clearly: I wanted the opportunity equalization changed.

[Question] Have you lobbied in the meantime to ensure that the Bundestag is going to pass your bill without problems?

[Answer] I talk to many people and, in the meantime, I've involved the boards, the chairmen, the managing chairmen of the faction, the chairmen of the faction and the faction. I still have to submit it to the party's governing body and then to the party convention. To quote Benn: "Come, let's talk with one another! Those who are talking, are not dead."

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Engholm Team Faces Problems in Schleswig-Holstein

36200153 Munich SUEDEDEUTSCHE ZEITUNG in German 1/2 Jun 88 p 4

[Article by staff writer Volker Skierka: "A Heavily Mortgaged Start. New Schleswig-Holstein Minister President Bjoern Engholm Intends To Seek the Advice of Experts"]

[Text] Kiel, 31 May—With the election of the Bjoern Engholm, formerly the opposition leader in the Schleswig-Holstein Landtag, as the new government head in Kiel, 38 years of CDU rule have ended. Resting on the new man and his 10 cabinet members (four of them women) are hopes and expectations that will be difficult to fulfill. If his government can meet 70-80 percent of these expectations, that will be a great deal in itself, said Engholm on election night. Finances set the limits for the Land SPD. Engholm would have to be a magician to satisfy everybody. That is because the till is empty.

"Our Land has not been shaped in recent years, just badly administered [a pun in German]," was Engholm's charge against the CDU government. A year ago the economics minister had already acquired an unsavory reputation and was fired in disgrace for dealings in government sinecures; just before the elections it was the turn of the social minister and finance state secretary for the same reason. In between came the Barschel affair. The defeated government was a lackluster rump cabinet, in part stained by this affair.

Now that voters have made a clean sweep of things, the new government faces the task of restoring faith in the Land and its economic strength. Truly, so little has been done for many years that the new government must attempt to create new ideas, the most favorable possible conditions for growth [as published]. As a necessary structural step, the new minister president wants to set up a coordinated campaign involving business, unions, business and professional associations, cities, and academe. They are to "investigate the Schleswig-Holstein economy's potential for development" and work out a 4-year program to create jobs and strengthen the economy. Additional suggestions are to come from a think tank where economists, ecologists, technical specialists, and planners will advise the government. In this way Engholm hopes it will be possible to make more effective and efficient use of resources to stimulate the economy as well as evaluate the job-creation effects of the government's measures. Furthermore, the SPD government intends to sign contracts with consulting firms with economic contacts in the neighboring countries of Scandinavia in particular. With an eye on the creation of the unified EC domestic market in the early 1990's, the plan is to make Schleswig-Holstein the link for Scandinavian-European economic contacts.

The extent to which these attractive ideas become reality will depend primarily on the quality of government provided by Engholm and his team. Even before the September election that team was winning advance praise from the public in Schleswig-Holstein. Since then skeptics have spoken up, noting that not every position is filled by a number one choice. This was because victory did not seem so certain when the shadow cabinet was formed. Except for Minister for Federal Affairs—and Deputy Minister President—Marianne Tidick, who took the place of Landtag President Lianne Paulina-Muerl, the September team was left unchanged for the May elections. Any weaknesses, it is said, will be taken care of by appointing experienced administrators as state secretaries. However, the nationwide search for suitable people was so difficult that no qualified women were found in the state secretary round.

Still, Engholm wins praise for the selection of Stefan Pelny, a former vice president of the Federal Office for the Protection of the Constitution, to head the State Chancellery, which had acquired a bad reputation under Barschel; Pelny also has considerable experience in the

Federal Chancellor's Office from 1970-83. Besides Engholm, the most attention will be paid to Heide Simonis, former spokeswoman for the SPD faction in the Bundestag Budget Committee and now finance minister; Franz Froschmeier, former director general for information, communications, and culture at the EC Commission and now economics minister; Guenther Jansen, former SPD Land chairman and now minister for labor, social affairs, health, and energy; and independent Prof Berndt Heydemann, an ecologist from Kiel University and now head of the new Ministry for Nature and Environment.

Among the first tasks the new Land government has set for itself is to introduce extensive parliamentary and constitutional reforms to limit and monitor political power as a consequence of the Barschel affair. In particular, the minister president's term of office is to be tied to that of the Landtag, the Landtag given the right to dissolve itself, and the Land government obligated to provide the Landtag with documents. Purely for legal reasons, however, it will probably be far more difficult to fulfill the wish to abandon nuclear energy within the next 8 years, i.e., by 1996, and to create an alternative type of energy supply at an acceptable cost. Undoubtedly one decisive criterion by which to judge the success of the Engholm government will be how it accommodates both the interests of the SPD—which is determined to shut down the nuclear power plants—and a successful business location policy to help the Land.

12593

Adam-Schwaetzer on Economy, Women's Rights, Coalition

36200160 Munich SUEDEUTSCHE ZEITUNG in German 7 Jun 88 p 3

[Article by Udo Bergdoll: "Reaching The Top Without High-Heeled Shoes—How Otto Graf Lambsdorff's Rival for Leadership of Liberals Hopes To Gain Status Before the October Party Congress"]

[Text] Bonn, 6 June—Irmgard Adam-Schwaetzer still wonders how to project an effective image in Wiesbaden on 8 October when 411 FDP Party Congress delegates will have to choose a new party chairman or, for the first time, a chairwomen. More than a few of her party friends believe, assuming that the decision can be kept from being "fixed in advance," that form could be decisive on that day. The female candidate must therefore still come up with some ideas. Under no circumstances will she attempt to emulate Otto Graf Lambsdorff's "thundering rhetoric." This would guarantee defeat.

The candidate knows that she comes across well in small circles but that she still has problems in a large auditorium. Should she read her speeches and stage them successfully with elan and spontaneity like Graf Lambsdorff? She dismisses the idea as "hopeless." She may try

using cue cards with well-chosen set pieces which need to be fleshed out with extemporaneous phrases. She still wants to work on herself in this regard.

If experience in speaking from a rostrum were the only factor, Irmgard Adam-Schwaetzer would have practically no chance against her male opponents. Her strength must lie elsewhere, otherwise so many Liberals would not maintain that the race was still open; otherwise a tactician like Hans-Dietrich Genscher would have revealed long ago which man or woman he favored.

Marking Direction

In almost all interviews since announcing her candidacy Irmgard Adam-Schwaetzer has been asked how she would act differently from Graf Lambsdorff. She always replied: "I can never tell you anything to differentiate myself from Graf Lambsdorff. I can only tell you what I, myself, consider to be correct and important." But she also said that the delegates would have to decide "who in the top position would best present the entire spread." Does that mean that Lambsdorff is following a narrow or low-flying course, was the prompt response from his circle of supporters. "Both are, after all, hard-core economic liberals. She has paid more attention to pharmacists, he to large enterprises," according to one Lambsdorff supporter in the FDP Bundestag faction who took issue with the little word "spread," maintaining that "depth" was more significant.

Irmgard Adam-Schwaetzer is not trying to lose her image of being primarily a market economist; but she feels that emphasis on social issues has been too much neglected by her party. So far she has not offered much of a program. Nevertheless, she feels sufficiently secure in the saddle to "mark her course." The trained pharmacist sees her party as being too much "boxed in by old economic concepts." Not that she did not share them, but she regards them as being "in need of revision." Irmgard Adam-Schwaetzer does not merely want to talk about politics for men in pinstriped suits. She also wants to think of old women and their dripping faucets and squeaking doors. What happens if a regular tradesman can not be paid? At the moment she merely notes a lack of imagination in her ranks. At the moment, she merely asks: Self-help? Help from neighbors? She wants to make the bastion of the Federal Republic secure for the nineties. But she also spontaneously addresses a subject which Lambsdorff largely ignores: "More than two million unemployed cannot let us sleep peacefully."

While her opponent has presented a distinct profile for a long time, Irmgard Adam-Schwaetzer needs to catch up with her personal image. The fact that she may become the first woman in Germany to head a party is not something she likes to emphasize. But she does not shy away from pointing out how backward the Federal Republic still is with regard to women's opportunities. "Now as before, the political system of coordinates is determined by male criteria and not according to the

plans and goals women have for their lives. This we must urgently synchronize in the next few years—for me this is actually one of the most important problems of civil rights."

She does not appear to be bothered by the opinion, already occasionally expressed by the media and also within the party, that Genscher himself must again assume the party leadership. "Well, after all, who knows me? Who knows what can be expected of me?" Nevertheless, the candidate is amused by the fact that several of her party friends believe that she has something "in reserve for gaining status." That, after all, also counts for something.

On the weekend, in the Deutschlandfunk [Radio and TV program from Cologne], Irmgard Adam-Schwaetzer became more outgoing than usual. She coolly informed Juergen Moellemann that in the leadership reorganization she would not be party to "whisper campaigns" or "secret deals." And with regard to the coalition with the CDU and CSU she noted that in 6 years no "historical alliance" had emerged. Lambsdorff's opponent pointed out that today there was no sign of the "love and deep loyalty" that had made it difficult for many since 1982 to switch from the SPD to the CDU. She expressed herself in favor of realistic and fair dealings within the coalition rather than "blamey" or "war."

Irmgard Adam-Schwaetzer, daughter of a finance civil servant and eventual tax consultant, learned politics from the bottom up. By being included in the list of candidates for North Rhine-Westphalia she was elected in 1980 to the Bundestag where she was first active on the Committee for Youth, Family, and Health. Later she represented her faction in social politics. She was the only Liberal woman in the Bundestag who favored the "change" in 1982 and who, still totally under the spell of the club of economic liberals, actively supported it. As secretary-general of the FDP she broke loose. From the beginning she kept aloof of the subsequently abortive amnesty plans. After surrendering the position of secretary-general, she became treasurer and was then summoned by Hans-Dietrich Genscher to be state minister in the Foreign Office. There, responsible for European policy, she learned above all to read dossiers properly and to prepare herself thoroughly. She admired Genscher—with whom she had tiffs during her time as secretary-general—for his ability to control a large, cumbersome bureaucracy by means of asking a few questions, which could even verge on being embarrassing. But she would not lead the FDP by keeping tight reins as Genscher did in his time nor like Bangemann, who took little interest in factual matters. "Cooperation" for her is spelled with a capital "C".

It is said that clothes make the man. But here Irmgard Adam-Schwaetzer holds back completely. Why doesn't she wear high heels? She says that with the long corridors in the Foreign Office one doesn't get anywhere with high heels. But there is another reason: "I don't want to look taller than I am."

At least the candidate seems to have won over the "Julis [Junge Liberale]," the young Liberals. The party's younger generation does, after all, provide 10 percent of the delegates. In the opinion of "Juli" Chairman Guido Westerwelle the weight should be put on the scale undivided. Until the actual internal vote of the "Julis" Westerwelle wants to maintain a steely silence to avoid influencing anyone. [By saying that] "the party has an avid desire for something new," he is, however, precluding any misunderstanding. The Liberals are also flirting with the idea of a woman chairman "more and more, more and more, more...."

12628

FINLAND

Sorsa Acts To Prevent Government Fall on Tax Issue

36170086b Helsinki HELSINGIN SANOMAT
in Finnish 8 Jun 88 p 2

[Editorial]

[Text] Foreign Minister Kalevi Sorsa seems to be taking internal politics calmly on the surface. Perhaps this is connected with the lack of cooperation within the group of SDP [Social Democratic Party] ministers, which he heads and about which chairman Pertti Paasio, concerned about declining party support, seems to be complaining. It is just for this reason that Finance Minister Erkki Liikanen is said to be running things too much.

The SDP's problem is not just Liikanen, who has received negative attention in the debate on tax reform, but also the lack of vision and experience on the part of the new leadership. Sorsa remains the party's real power behind the scenes. On Tuesday he again stepped forward to pacify the situation in an interview in the party's main newspaper.

In Sorsa's opinion tax reform is necessary, and it must be achieved in spite of all difficulties. And people must be given as soon as possible a total picture of what is planned for their taxes. "Then everyone can digest the matters at home while wiggling their toes in a warm lake on summer vacation."

This is a fatherly evaluation of the situation to counterbalance the party leadership's panic. Sorsa does not believe the government will fall on account of tax matters. Sorsa asks, "if the SDP were to go into opposition, then what would be the alternative, a coalition minority government?" And he wonders whether that could be worth pursuing.

For safety's sake, Sorsa is examining the concerned criticism expressed in his May Day speech about the government's internal atmosphere, and he sees that it has improved. And one more word of advice to Paasio:

the problems of communication between the party leadership and the government will disappear if the chairman himself decides to join the government. Well-considered talk throughout. 9611

GREECE

Calm Summer Seen Followed by Fall Election

35210112a Athens KYRIAKATIKI
ELEVETHEROTYPIA in Greek 12 Jun 88 p 48

[Article by Panos Loukakos]

[Text] The 3-day debate on ND's motion of censure against the government is over and the legislature has adjourned for the summer. The 3-day visit to Athens by Turkish Premier Ozal will start tomorrow and by Thursday will be over, together with discussions on Davos and its spirit. And by next Friday Papandreou will do the legendary 14th reshuffling of his cabinet.

Soon the strikers, who march today through the streets of Athens, will start going to the beaches. When things end well, all is well. Another difficult winter has ended. Once again the summer season comes like a *deus ex machina* to temporarily stop the disagreements and confrontations.

Long live "the people's vacations," to use Papandreou's favorite phrase. Long live the government's vacations, and those of the opposition party, too. There is time before autumn for the political, economic and social problems to build up again.

It is a fact that the PASOK government had some of its most difficult moments last winter. An avalanche of scandals, the attacks on the premier about his private life, conflicts within the government itself, and PASOK's political acrobatics in foreign and domestic policy led the government to the brink of collapse at the start of winter. But the opposition did not effectively take advantage of these events, and so Papandreou and his government were given time to regroup their forces. Comparatively speaking, PASOK today is in a better position than at the beginning of winter.

The opposite seems to apply to the New Democracy Party. It started the winter with ideal conditions for an opposition party. Internal conflicts within PASOK offered for free all the material needed to wage a harsh and effective opposition. Yet it proved unable to intensify the government's crisis, and exploit the opportunities Papandreou created.

The same may be said for the Communist Left which, always uncertain, is crushed between PASOK and ND, unable to articulate its own political message. Neither KKE nor EAR [Greek Left] at this time seems to have taken away from PASOK its disappointed leftist followers. This uncertainty became evident more than ever before during the 3-day debate over the motion for

censure. The two major opposition parties (ND and KKE) gave the PASOK government ample room to recover. And so we enter the summer.

Tomorrow Papandreou will begin his talks with Ozal and in a few months visit Ankara. If these contacts produce some fairly positive results, Papandreou will place this on the scales of the next electoral contest. If the outcome is negative he will blame the Turkish side and take steps to have the "Davos Chapter" quickly forgotten.

Beginning next month Papandreou will assume the presidency of the European Community. In this post he will have a tremendous political advantage, which will also be added to the electoral scales. As Mitsotakis occupies himself with trivialities, Papandreou will be solving the problems of Europe and the world, as Menios Koutsogeorgas will proudly rave throughout Greece during the next few months. Besides, as president of the EEC, Papandreou will use, ad nauseum, Greek TV, creating whatever impressions he wishes in view of the coming election.

Therefore, this is a good time for the PASOK government. During the summer, strikes and demands will be suspended. Papandreou will move in his favorite field of foreign policy and world politics, putting on ice the internal problems, aided in this by summer inertia and enjoyment on the beaches.

But autumn will come sooner or later. Students will go back to their habit of seizing schools and physically attacking certain professors who escaped last winter. Teachers will remember that they did not get all that was promised them; bank employees will realize their standard of living is constantly going down; and physicians will again go on strike, remembering that the National Health System [ESY] has caused more problems than it solved.

And, of course, social unrest, which was suspended during the summer, will resume with even greater intensity for the simple reason that the present government has not solved any of the accumulated problems and simply let them go on and on hoping that by following the method of erosion and non-intervention it will have the least political cost.

And so, starting in the fall, students, teachers, bank clerks, taxi drivers, bus drivers and other enemies of the country will try to cloud the glow derived from the EEC presidency. But against all of these, against social unrest and the colossal problems of today, Papandreou appears to have an unbeatable weapon: Holding an election some time in November.

If matters develop smoothly, Papandreou will be at one of his best moments. His prestige in Greece and internationally will rise significantly. The problems will not yet have returned to their pressing urgency. His opponents will not have recovered from the condition of their

usual summer hibernation. And so the premier of Greece and the EEC president will ask [president of the Republic] Sartzetakis to call a parliamentary election to renew his public mandate in order to handle national matters of supreme significance, such as the outcome of the Greek-Turkish dialogue.

If ND and KKE allow such a scenario to unfold unhindered, their electoral failure is certain.

7520/9604

Tendencies Identified Within KKE's Youth Organization

35210112b Athens TO VIMA in Greek 5 Jun 88 p 8

[Article by G. Papoutsanis]

[Excerpts] The existence of "factions" is a fact no matter how much KKE and KNE [Communist Youth] may deny it. But factions which appear at the top- and middle-level cadres do not necessarily reach the rank and file. The monolithic nature of the organization, even when they deny it, does not allow such luxury. By using familiar labels, we can distinguish those who may be called "leftists" or "hardliners," the "centrists" or "balancers" and the "renovators" who no doubt form the Right.

All these tendencies are represented by the party leadership: The leftists are represented by Tsolakis, Kotzias and Tziantzis; the centrists by Secretary General Florakis and Farakos as well (at one time an unthinkable characterization for the erstwhile "instructor" of KNE). The innovators are represented by Androulakis although the tendencies here change with regard to the "anti-PASOK fury" of the alternate member of the KKE Political Office. The KNE secretary seems to side with the centrists as shown, quite clearly, by his stand on significant issues which were discussed by Congress and which also are "dilemmas."

In the pre-Congress discussion and in the conferences of party organizations, the following questions prevailed: "Shall we broaden KNE's youth character or shall we strengthen its anti-imperialist character?" "Shall we give special weight to the radical aspects of youth or insist on political fronts of the youth movements?" Both, said Grapsas (KNE Secretary) in his report. Of course, he could not say anything different because if some innovating voices are heard at the leadership level, the hardening of views at the rank and file level is evident.

In addition to the little pamphlets about biology and physics, a view was presented about "dealing with the problems of life, health, and biological phenomena under the light of historical materialism." In another letter a member wrote this self criticism: "I raised the issue of expulsions when I realized that in KNE if you don't give the biographical statement you are in the clear."

For those who remember the youth organization of the "orthodox" Organization of Marxists and Leninists of Greece [OLME] in the universities in the early years after the fall of the dictatorship, "KNE is becoming like the Progressive Pan-Student Trade Union Faction [PPSP]." This is a phrase which reflects the hardening as well as the...anti-imperialistic inward turn of this organization. Having as standard bearers student youths, attacks against "reformists" prevailed in the pre-Congress discussions which were "brought together" by Grapsas who made a decent effort to include in his report a few lines about the Soviet "perestroika" which did not fare very well in the dialogue.

Even the "fashion shows" by Raisa Gorbachev are used in the taverns where "guardians" of the anti-imperialist struggle indulge in criticism of perestroika while Mikhail Gorbachev, in contrast to Ilich Lenin and Fidel Castro, did not get much applause at the movie shown in the pre-Congress assembly in commemoration of KKE's 7 years.

The KKE Congress is not likely to hold surprises both in terms of positions and leadership. All indications suggest that Grapsas will stay in the secretary's post, not only because customarily KKE secretaries serve for 2 years, but also because he is one of the last remaining youth organization cadres of the Polytechnic School generation. A change in correlations will become evident only from changes in membership of the organization's Central Council.

Composition of this Council up to now has never been made public. Will the minority innovators be able to expand their influence? The silence they have maintained so far could be interpreted as a "show of good will" on their part and as an effort to gain points in the KNE organs.

7520/9604

SPAIN

Teachers' Strike Chronicled

Demands, Negotiations Discussed

35480096 *Madrid EPOCA in Spanish*
9 May 88 pp 22-28

[Text] Five years after the approval of the LODE [Organic Law on Educational Democracy], the minister of education and science has met with the hostility of teachers who consider themselves very poorly paid. As already occurred last year with the students, striking has proven to be an extraordinarily effective weapon when used against Minister Maravall.

The delay in dealing with the demands of teachers from institutions, schools, and occupational training centers has had no effect other than to cause a perceptible deterioration for the head of the Ministry of Education, and rejection for the Socialist government as a whole.

Insults and charges against the minister prevailed at the demonstration held by teachers from all over Spain in Madrid, on Wednesday, 27 April. The most affectionate term with which the signs described Maravall was that of "viper." But the most glaring complaints by demonstrators and the public were the scores of references to the Mystere used a month ago by Alfonso Guerra.

On one of the drawings, the airplane's track carried this legend: "PSOE Royal Air Force." Another group of teachers had purchased a large plastic airplane in a toy shop, which they displayed to represent a Mystere. And the barbs did not end there. Another placard displayed this rhyme: "While Guerra blunders, Felipe is fishing in Norway." Furthermore, a reminder was given of the use of the yacht "Azor" by the government's prime minister 3 years ago.

And, worst of all: Almost heading the demonstration, the UGT [General Union of Workers] secretary general, Nicolas Redondo, walked arm in arm with his comrades from the Teachers Federation, in a new display of the differences existing among the members of the Socialist family.

Beside those political deviations, the donkey ears with which the cartoons depicted the minister, the slogans which decorum advises us not to reproduce, and so many comments replete with ingenuity, such as this one from the teachers of La Adrada (Avila): "Maravall, more negotiation and fewer threats," went by almost unnoticed.

100,000 Pesetas per Month

The demonstration traversing Atocha Street was the largest of those headed by the public school teachers. There were not 100,000, as their spokesmen claimed, but 25,000 did show up. They spent 2 hours covering the route, at an average walking rate of 200 per minute. They had come from all over Spain, including the Canaries; and all the representative unions were present. One could observe demonstrators wearing emblems from all the unions on their clothing, in a small tribute to the united nature of the demonstration.

What had happened to prompt the teachers to participate in such a widespread repudiation of the ministry's policy? According to Daniel Lucendo, head of the most representative union (ANPE [National Association of Educational Personnel]), the main cause lay in salaries that had lost purchasing power during the past few years. An EGB [Basic General Education] teacher who has just passed the state examination earns about 105,000 pesetas a month, net, and seniority does not increase that

figure much. Lucendo claims: "I have seven 3-year terms, and my salary is 120,000." in the case of assistants with a bachelor's degree, the starting amount is 121,000 pesetas, and among professors it is 130,000. The occupational training instructors are lumped in with the assistants.

Nevertheless, it is possible that the protest would not have reached major proportions, had it not been for the comparative affront that they suffer with respect to other government agencies.

The Comparative Affront

It is not easy to specify exact differences, owing to the nature of the payment system and the "jungle" of existing agencies; but the key factor is that of the level assignment. The EGB teachers, with university certificates, belong to salary group "B," the levels of which lie between 16 and 26. Now then, they have been assigned 17; in other words, the second lowest possible. The assistants with bachelor's degrees are in a similar situation. As university graduates, they belong to group "A," at levels ranging from 20 to 30. What they receive is 21. Only a small number of teachers with a bachelor's degree (the professors constituting 10 percent of the total) have been assigned to level 25.

To heighten the difference, it turns out that the teachers do not earn a specific supplement (which other government employees with the same degree do have, on the other hand); nor a productivity supplement, which usually accounts for 3.9 percent of the total salary.

The Demand

In December, the teachers held elections. ANPT (rightist independents) won, with 27 percent of the vote and 335 delegates. It was followed by Workers Commissions [CCOO] and CSIF (rightist independents), with 270-280 delegates for each union; followed next by UGT (Socialists), with 200. However, it must be explained that the UCSTE union (leftist independents) has 156 delegates, and had competed in only 25 provinces; whereas UGT had done so in all 50.

At the beginning of the year, one of the first undertakings of the new delegates was to try to improve the teachers' situation. They managed to reach agreement, and asked the ministry to open negotiations. On the most important issue, that of salary levels, they requested 23 for the EGB teachers, 25 for the assistants, and 27 for the professors. This demand alone already represented average increments of 15,000 pesetas a month, but they added the earning of specific supplements, whereby the increases would exceed 20,000.

The final amount requested by the unions is not easy to calculate; because they are demanding, by way of a specific supplement, "the average of what is earned by the other government employees in groups 'A' and 'B,'"

without having provided data making it possible to reckon that average. As for the so-called productivity supplement, they are requesting 3.9 percent of the total salary; although they agree that this amount in its entirety may be incorporated into the other categories.

By way of an estimate, the ministry reckoned that, to meet all the demands would mean over 100 billion pesetas per year, representing about 25,000 or 30,000 pesetas per teacher monthly; because the group involved totals 272,000 employees. This amount has been reckoned on the basis of 14 payments, and is gross in nature. To obtain the net increase, it would be necessary to deduct between 20 and 25 percent, depending on the cases, thereby ascertaining the final amount demanded by the teachers: a net monthly salary increase of between 20,000 and 25,000 pesetas.

Maravall Says No

The first reaction from the Ministry of Education was a categorical refusal: It was impossible to change the salaries approved in the General State Budgets. When the teachers responded with the first calls for a strike in March, the ministry's position was even more peremptory: "We don't negotiate under threat."

Maravall ordered that the salaries for the strike days be deducted, and so diligently that, in several instances, the order bore a date preceding the holding of the strike. During the second half of March, the Socialist minister enacted a whole series of maneuvers, also aimed at breaking the will of the strikers; but it accomplished nothing except a loss of ground, on one occasion after another.

First, he minimized the impact of the strike, issuing figures lower than the number of teachers striking; but the participation only increased, until it reached an approximate total of 90 percent in all of Spain. Last week, the strikers ranged between 240,000 and 250,000, associated with basic and intermediate education (bachelor's degree and occupational training). The number of students affected was estimated at between 5 and 6 million.

The Negotiations

The situation was not received enthusiastically by families, and the ministry attempted to open a gap with the cooperation of the parents' association, CEAPA, in which PSOE has a strong entrenchment. It was of no use. The last step was an attempt to discredit the union leaders. The ministry ordered the provincial directors "not to make discounts for the liberated union members, because they are performing their duties." The unions interpreted this as meaning that the ministry was trying to give the impression that those harmed by the strike were the ordinary teachers, while their leaders were embarking them on it, enjoying private gain. Immediately, and in writing, they asked to be treated like the

others. When the ANPE president himself, Daniel Cespedes, received a notice at his residence that discounts would be made from him, the threat was averted.

At the end of March, the ministry's resources were depleted. It had no option left except to sit down for negotiations; and the teachers' representatives were summoned for 6 April. Since then, three meetings have been held: on 6 April itself, and on 18 and 24 April, with a commission chaired by Undersecretary Joaquin Arango, who accepted some of the union demands at the outset.

They Resume the Strike

Arango's initial offer entailed monthly increments of 4,538 pesetas for the EGB teachers, 7,380 for the assistants, and 7,956 for the professors; which represented 32,276 billion pesetas per year. Nevertheless, this was a far cry from what had been demanded, and in particular, it was all to be implemented in 3 years, in 1991.

The teachers would not accept it, and resumed the strike, with the result that the ministry has been improving its offer at each session held, as may be observed in the accompanying tables. As of last week, the strikers had not yielded a bit in their positions; which must be due not only to their conviction of the justice of their demands, but also to the aggravation caused them by the minister's action.

Maravall has not agreed to negotiate personally, and did not even receive the union leaders after the demonstration on 27 April; with the ministry headquarters protected by hundreds of national police and crime prevention measures (mounted police, a helicopter, and pressurized water sprayers), which appeared to be more appropriate for coping with a different type of group. On the other hand, the minister had sat down last year to negotiate with the students who had led violent incidents, and whose degree of representative status was much lower; since their elections were far removed from having the significance of those held by the teachers.

Moreover, their demonstrations during the conflict were systematically repudiated by the unions. The one most commented on was their idea of prolonging the terms to recover the days lost, which had to be retracted within 24 hours.

The parents raised an outcry, faced with the prospect of jeopardizing family vacations, and the teachers reminded the Socialist teacher that striking is a constitutional right.

Despite everything, the positions have been coming closer; and, on Sunday, 24 April, a pre-agreement was about to be signed. The ministry had agreed to implement levels 21, 24, and 26, respectively, starting next year; and to implement additional specific supplements negotiated with the unions in 1990-1991, taking into

account "the supplementary pay of non-teaching government employees in an analogous category, rendering services in the state administration."

Rapprochement

Ultimately, it was the Workers Commissions that rejected the pre-agreement, more interested than the other unions in keeping the pressure against the government high.

In any event, there were some extremes in the ministry's offer that did not please the others, such as the fact that there was no commitment to formally establish the levels cited in the foregoing paragraph; rather, they were reserving for themselves the possibility of paying their "equivalent, through a generalized specific supplement." This option is far more general, and less committed than the establishment of levels, which have constituted the essence of government employees' pay since the Law of 1984.

The impression from the latest negotiating session is that, unless the unions become entrenched in their initial positions, a new rapprochement on the ministry's part will make it possible to reach agreement, which in any case will mean an appreciable financial improvement for teachers.

Something More Than Money

Financial improvement is the fundamental tack of the negotiations, but not the only one. The teachers are also concerned about civil liability, which has been demanded of them over the past few years every time a student has some kind of mishap. A year ago, in April 1987, there was a teachers' strike over this issue, when a teacher from Alcobendas (Madrid) was required to pay compensation to a little girl who had been burned during a laboratory experiment. In Berga (Barcelona), the principal of an educational center was faced with liability because a student's eye had been pierced by a wire, as he was returning home, having already left the school premises. In another locality, a teacher was required to pay 3 million pesetas because a student in his class had attacked another one, causing her the loss of an eye.

The response from the teachers has been the elimination of excursions, visits, and, in general, activities that could cause any risk, however remote. At the beginning of this term, a circular letter from the Undersecretariat of Education allowed teachers to receive free legal advice, upon request; but this does not solve the question of possible compensation. The unions have requested that the circular letter be raised to the status of a decree, or at least a ministerial order, and that the ministry pay for an insurance policy.

Other Demands

Other issues to be negotiated relate to personnel policy and the work schedule. Young certificate holders usually spend from 8 to 10 years waiting before they obtain a position of their own. During that period, the ministry uses them as cheap labor (they earn 80 percent of the salary, receive no vacations, and are hired by the month); although their responsibilities are the same.

Finally, the teachers want a study of the possibility of having a continued schedule available; they do not want to serve in dining halls and for transportation, and they are requesting special treatment for the principals of centers with a large number of units.

Beyond the demands, the notable feature of the strike has been the break with the Socialist government on the part of a professional group in which PSOE had major resources. Now, the situation is different. One placard displayed at the demonstration by teachers from an institution in Paral (a Madrid bedroom community) read as follows: "What has to happen in this country before a minister is dismissed?"

48.5 Percent Polled Favor Maravall Resignation

35480096 Madrid EPOCA in Spanish
30 May 88 pp 12-18

[Excerpts] Most Spaniards believe that Minister Maravall should resign. This is one of the results from the poll taken by Sigma Dos for EPOCA on the conflict in public education. Its data reveal that the parents' rejection of the strike is not so drastic as had been claimed. While the state is saving the 13.5 billion that the teachers will not earn because of being on strike, those benefiting most are the private centers, which are observing a considerable increase in applications for enrollment. And the ones most harmed are the 6 million little Spaniards who at this point do not know how they will end the term, and who will see a rise in the already disastrous rate of school failure suffered by Spanish education.

At the union headquarters, all last week, they were waiting for the call from the Education Ministry to another negotiating meeting. The referendum results had shown a horrifying reality: public education teachers made it quite clear that they would not accept vague responses, and that, in spite of their unions (except for CCOO, which did not sign), they were ready for anything. They had already lost about 80,000 pesetas as a result of the 15-day strike (which, of course, means a "savings" of about 13.5 billion pesetas for the Treasury), and they were not going to be satisfied with the ministry's offer. The sign was very serious, because it reflected a dangerous overflow in the situation, jeopardizing the recent glimmers of normality with which the term could have been finished.

But the call did not come. The meeting would not take place until Monday of this week, in other words, 7 days after the referendum; as if there were more than enough time at this point in May. Meanwhile, the parents of the 6 million pupils in public schools and institutions felt their fear and indignation grow, watching their children waste time, and lose the pace of study and work discipline for another week, broken up by 2 days of striking; although on this occasion the effect was considerably less. And nevertheless, despite what the unions claim to have been "a brazen attempt to bring parents and teachers into confrontation, particularly with the notorious threat of extending the term until July" (Juan Carlos Jimenez, of CCOO), the families' lack of understanding of the conflict is relative, according to the poll taken for EPOCA: 51.7 percent of those polled with children in public schools responded that the strike was not very or not at all acceptable, but 43.5 percent replied that it was very, quite, or somewhat acceptable. Considering the fact that the poll was taken on 18 May, when the referendum results were already known, and hence another outbreak of the situation was being predicted, the parents' presumed outright rejection for the strike does not appear so drastic. Understandably, the percentages become more moderate when those polled do not have children in this situation (only 37.4 percent claim that the strike is not very or not at all acceptable); and the total results are 42 percent against and 52.1 percent who consider it very, quite, or somewhat acceptable.

After the negative results of the public education referendum, do you think that Education Minister Jose Maria Maravall should resign?

	(1) ¿TIENE UD. HIJOS EN COLEGIOS O INSTITUTOS PUBLICOS?			(2) SEXO		(3) RECUERDO DE VOTO AL PARLAMENTO EUROPEO				
	TOTAL	(4) SI	NO	HOMBRE	MUJER	PSOE	AP	CDG	IU	CGU
		%		%	(5) %					
SI	48,5	45,6	50,0	49,6	47,5	34,1	68,4	50,0	63,7	27,7
NO	35,8	37,5	35,1	35,5	36,1	53,4	17,5	35,2	27,0	52,4
NS/NC (7)	15,6	17,0	14,9	14,8	16,4	12,5	14,1	14,8	9,3	19,9

One of the main reasons for the strike is the salary demand. How acceptable do you consider the fact that the teachers are on this strike, with the resultant missing of classes?

	TOTAL	(1) ¿TIENE UD. HIJOS EN COLEGIOS O INSTITUTOS PUBLICOS?		(2) SEXO		(3) RECUERDO DE VOTO AL PARLAMENTO EUROPEO				
		SI %	NO %	HOMBRE %	MUJER %	PSOE	AP	CDG	IU	CGU
MUCHO (8)	9,2	6,3	10,5	10,6	8,0	7,4	8,1	13,9	16,3	0,0
BASTANTE (9)	20,6	16,3	22,7	21,0	20,3	19,0	14,4	23,8	45,2	41,1
ALGO (10)	22,3	20,9	23,1	21,1	23,3	16,1	23,4	23,1	12,5	31,9
POCO (11)	20,2	24,8	18,1	19,5	21,0	28,0	18,1	22,1	4,7	16,5
NADA (12)	21,8	26,9	19,3	22,7	21,1	25,3	30,4	12,2	19,1	10,4
NS/NC (13)	5,8	4,8	6,3	5,2	6,3	4,1	5,6	4,9	2,2	0,0

Key: 1. Do you have children in public schools or institutions? 2. Sex; 3. Memory of vote for European Parliament; 4. Yes; 5. Men; 6. Women; 7. Don't know/no answer; 8. Very; 9. Quite; 10. Somewhat; 11. Not very; 12. Not at all; 13. Don't know/no answer

The repercussions which these past 2 weeks of intermittent striking have had on the students' studies are irreversible, as EPOCA was told by a well-known educational psychologist, Bernabe Tierno, who, in "School for Parents," published in SER, and in his educational psychology consulting column in the education pages of the newspaper YA, has for some time been dealing with questions on child and youth education. "Spain is the EEC country with the most school failure (between 30 and 40 percent), but this year we shall break all records: for approximately two thirds of the public school students, this term will be a total failure. The conflict has caused disorientation and total lack of control among students, teachers, and parents. Not only have the strike days been lost, but also those preceding and following, because of the abnormal environment prevailing in the centers. There is no time for review, the subject matter has been explained minimally and hastily, and some tremendous gaps in content will occur. At least 75 percent of the students will attend the next term very poorly prepared, and in passing courses, such as the

eighth in EGB, and the third in BUP and COU, the situation could be tragic. I don't understand why the minister has not yet sat down to talk with his educator colleagues, nor why he is denying them approval. The minister has mistreated the teachers, blaming them, to the parents, for what is happening; and this confrontation is harmful for resolving the conflict, and for undertaking the next term and the future of public education. The parents are fearful of what might happen next year."

Extend the Term?

What do the parents think? The poll taken for EPOCA discloses that 50.6 percent of those polled consider this measure bad or very bad, while 44.1 percent would describe it as very good (8.7 percent), good (17.1 percent), or fair (18.3 percent). Parents with children in public centers show a particular sense of responsibility: 56.7 percent believe that general passing is a bad or very bad measure, while 39.9 percent view it as very good, good, or fair.

What would your opinion be if the teachers granted general passing as a final solution, since part of the course has been missed?

	(1) ¿TIENE UD. HIJOS EN COLEGIOS O INSTITUTOS PUBLICOS?		(2) SEXO		(3) RECUERDO DE VOTO AL PARLAMENTO EUROPEO					
	TOTAL									
	(4)	SI %	NO %	HOMBRE (5) %	MUJER (6) %	PSOE	AP	CDS	IU	CIU
MUY BUENA (7)	8,7	6,9	9,4	8,2	9,2	7,5	3,3	8,5	6,9	0,0
BUENA (8)	17,1	18,4	16,4	17,2	16,9	21,3	15,8	13,7	22,0	0,0
REGULAR (9)	18,3	14,6	20,1	17,7	18,8	15,0	22,2	28,7	24,1	34,8
MALA (10)	28,9	34,2	26,4	32,0	26,0	28,1	29,4	25,1	31,0	31,3
MUY MALA (11)	21,7	22,5	21,3	20,5	22,8	23,2	25,5	20,3	16,0	33,9
NO SABE (12)	4,1	2,7	5,3	3,4	5,3	3,7	3,9	3,7	0,0	0,0
NS/NC (13)	1,0	0,7	1,1	1,0	1,1	1,1	0,0	0,0	0,0	0,0

The Ministry proposed that the missed days be made up by extending the course. What is your opinion of this measure?

	TOTAL	¿TIENE UD. HIJOS EN COLEGIOS O INSTITUTOS PUBLICOS?		SEXO		RECUERDO DE VOTO AL PARLAMENTO EUROPEO				
		SI %	NO %	HOMBRE %	MUJER %	PSOE	AP	CDS	IU	CUI
MUY BUENA	16,4	20,9	13,7	14,9	17,9	22,5	18,1	12,1	18,3	8,7
BUENA	28,1	33,9	25,8	28,5	27,8	33,2	19,5	29,5	23,1	14,7
REGULAR	21,2	17,7	23,1	19,7	22,6	19,7	21,3	23,7	35,3	32,6
MALA	16,8	15,5	17,1	17,5	16,1	12,8	17,7	9,0	12,3	18,0
MUY MALA	12,6	9,5	14,2	14,8	10,5	8,3	19,1	21,3	6,5	13,6
NO SABE	3,3	1,8	4,2	2,6	4,1	2,5	2,6	4,5	2,2	7,8
NS/NC	1,5	0,7	1,9	2,1	1,1	0,9	1,7	0,0	2,2	4,8

Key: 1. Do you have children in public schools or institutions? 2. Sex; 3. Memory of vote for European Parliament; 4. Yes; 5. Men; 6. Women; 7. Very good; 8. Good; 9. Fair; 10. Bad; 11. Very bad; 12. Don't know; 13. Don't know/no answer

Technical Record: Universe: persons over age 18; Scope: Spain; Sample: 1,000 interviews, with a possible error of ± 3.2 percent for a confidence level of 95.5 percent (two sigma) and $p/q = 50/50$. Selection: random, based on the system of sex, age, and occupation quotas. Interview: personal. Date of field work: 18 May 1988. Execution: Sigma Dos, S.A.; Direction: Carlos Malo de Molina

And parents again make clear their concern over the progress of the term, voicing approval, despite the harm that it might entail for family organization and vacations, for the measure that Minister Maravall went so far as to cite, although he would later discard it, involving the extension of the term until July. The total results show that

65.7 percent of Spaniards would consider the measure very good, good, or fair, while only 29.4 percent would describe it as bad or very bad. But, more concretely, 72.5 percent of those who are parents of students in public education would accept it as very good, good, or fair, while only 25 percent would reject it as bad or very bad.

Nevertheless, the educators do not think that this measure would be of any use: "It has been scientifically proven that, in a country with a climate such as ours, students achieve virtually nothing during the summer. Moreover, psychologically, they would attend classes with a completely negative attitude, rejecting the work and the teachers, claims Bernabe Tierno. That would not be the solution, and it would be even less binding without the teachers to rely on. If there is any remedy for this situation it is, first, to give tests only on what has been explained, after a discussion with the students, so as to make the maladjustment as even as possible among all of them, in a responsible manner. And of course, in September, no teacher should embark directly on the subject matter for the next term; they must spend the first 2 weeks reviewing and covering the gaps from this last quarter, with a special program.

While the parents of 6 million Spaniards propose ways of mitigating this disaster, Minister Maravall appears to be entrenched in his position. Nevertheless, the results of our poll are clear: Nearly half of Spaniards (48.5 percent) favor his resignation, as opposed to a little over a third (35.8 percent) who do not deem it necessary. Among the different ideological segments, a third of those who are PSOE voters (34.1 percent) call for his resignation, versus over half (53.4 percent) who do not consider it necessary.

The prime minister of the government himself, Felipe Gonzalez, has publicly acknowledged the fact that his education minister is "exhausted." It would be fitting to consider that, in a conflict as serious as this, such a state would at least detract operativeness from his administration. But, in case anyone inferred that the outcry in the streets, strikes and demonstrations might bring about a shuffle in the Council of Ministers, the prime minister took advantage of a trip to the Philippines to devise by hand an unexpected official message: He and his entire government back and support the minister's policy. It that clear?

2909

SWEDEN

Potential Leaders in Postelection Carlsson Government Discussed

36500133a Stockholm DAGENS NYHETER in Swedish
9 Jun 88 p 12

[Article by Ake Ekdahl: "Carlsson Putting New Government Together"; first paragraph is DAGENS NYHETER introduction]

[Text] Anna-Greta Leijon will return to the government. That is an election promise aimed at the party's own members. If Ingvar Carlsson remains in office he will reshuffle the cabinet soon after the election and several new names will be added, according to information DAGENS NYHETER has received.

We should make it clear at the outset that no one but Ingvar Carlsson knows what a new SDP government would look like at this point. He himself will probably not know the details before the many committees currently working on the Leijon affair have submitted their reports. He will wait in particular for the Constitutional Committee's review of government activity.

Leading Social Democrats in the administration and in Riksdag rate the experience of having an out-and-out politician as justice minister positively after a number of politically weak jurists have held that position. Leijon cannot return there, that would be too much of a provocation, but the present temporary solution with Thage G. Peterson could easily become permanent.

There is considerable support for the idea that the government should take the criticism and experiences from the political tumult at Rosenbad in the last few weeks to heart. The conclusion is that Carlsson will get a judicial adviser, a person well-versed in the law with cabinet rank according to the old model.

Retirees

The Carlsson government includes three retirees, Foreign Minister Sten Andersson, Social Affairs Minister Gertrud Sigurdson and Housing Minister Hans Gustafsson. All three have made it quite clear that they want to remain in the government for a while longer. But Carlsson is the head of the team and he has shown in the past that he is capable of ignoring such considerations.

The crisis in the care sector, the anxiety among pension recipients and the housing shortage could lead Carlsson to shuffle the deck in order to activate issues that have given the government trouble in this election year.

Another problem has been the Civil Service Ministry. Bo Holmberg, once a political child prodigy from Harnösand, has somewhat unfairly achieved a reputation as unsuccessful and ready to move into the county governor's seat back home as Bertil Lofberg's successor. Powerful local government people of the Social Democratic model make central administration of the ministry's sphere of activity difficult for bigger political guns than Holmberg, everyone knows that, according to Riksdag members with experience in the area.

Puzzle Pieces

The Social Affairs, Housing, Industrial Affairs and Civil Service Ministries are central pieces in Carlsson's government puzzle. Consideration may also be given to assigning bigger tasks to Communications Minister Sven

Hulterstrom and easing the burdens on Foreign Trade Minister Anita Gradin, while on top of everything else Carlsson must find a suitable speaker to succeed Ingemund Bengtsson.

The speaker issue is a problem in itself. If the speaker is a Social Democrat, the Riksdag group has a special need for a person with great integrity and forcefulness who can expedite the experimental work of the Democratic Government Committee with a quicker budget debate as early as the next parliamentary year. The Constitutional Committee will submit a proposal when the present national assembly takes its summer recess that would force the government to submit funding bills quickly and make Riksdag debate budget proposals as part of the overall context even though Riksdag may not establish a unified Finance and Tax Committee.

Ability

Of four names, Thage G. Peterson, the Riksdag group leader, Ivar Nordberg, the future Riksdag president by seniority, Stig Alemyr and Anita Gradin, at least the first two are regarded as having the ability to make Riksdag activity more efficient in addition to carrying out their duties as representatives.

The problem is that none of them feels inclined to take the job and we may assume from their own statements that they would all decline.

Social Democratic group leaders are usually promoted to cabinet status and Nordberg is regarded in the party as especially well suited to becoming a minister. Carlsson can choose between two capable candidates. The other is Jan Bergqvist, chairman of the Tax Committee, who has many years of experience as a Riksdag politician specializing in international issues. If Carlsson chooses Nordberg, Bergqvist, who is also deputy group leader, can move up the ladder and take over the Riksdag group.

Thoroughbreds

It is a generally held view among both the cabinet and Riksdag members DAGENS NYHETER talked to that Carlsson should choose cabinet members with broad political experience who have learned something from previous attempts. Thoroughbreds from municipal politics like Labor Minister Ingela Thalen and Sven Hulterstrom have shown the way. Nordberg and Bergqvist, the Riksdag members mentioned above, also meet this requirement.

Around the country we find Nils Yngvesson in Malmo and Soren Mannheimer in Goteborg. And there is Rune Molin of the Federation of Trade Unions [LO]. But all three have other ambitions. Yngvesson is seeking revenge in Malmo and Molin and Mannheimer have declined government offers before.

Editorial Says Neutrality Precludes EC Membership

36500133b Stockholm DAGENS NYHETER in Swedish
19 Jun 88 p 2

[Editorial: "Lid on Neutrality Debate"]

[Text] In an exchange of views with Carl Bildt in DAGENS INDUSTRI, Ingvar Carlsson tried to clarify the government's views on neutrality and EC membership. He has had problems with the interpretation of the Riksdag compromise which says that "Swedish membership is not a goal of the upcoming discussions." Would it be possible for Sweden to seek membership after 1992, when EC's internal market will presumably have become a reality?

Ingvar Carlsson stressed that neither he himself nor Riksdag has made any statements about the future. It would not benefit Sweden's cause to quarrel now "about what will happen when the discussions have been carried out." At the same time he said that there is general agreement that our neutrality policy has prevented us from applying for membership. The Foreign Affairs Committee has said that Swedish participation in EC's Foreign Affairs Council could "affect confidence in our neutrality policy."

In other words it is his opinion that neutrality is a barrier to membership and that we should not argue about the extent to which this will continue to be the case after 1992.

Strictly speaking he has not spoken out on the long-range issue during his EC trip. When he stated in Bonn that participation in EC's Foreign Affairs Council is incompatible with Sweden's neutrality policy, which is "unwavering", he was sticking to formula. He said that it is vital that we pursue our policy in such a way that no doubt arises about its "firmness." Not a word about the period after 1992!

But in spite of this, commentators have said that he affirmed "a principle of eternal incompatibility between neutrality and EC membership," that he "categorically rejected the possibility of future Swedish EC affiliation," that he "slammed the door again" and that he thereby violated the Riksdag compromise.

It is in our interest to have a unifying line with respect to EC for the next few years. The Foreign Affairs Committee has made it clear that there is far-reaching agreement and that all parties agree to make radical adjustments to the future internal market. "No area has been ruled out in advance, no decision is regarded in advance as being too far-reaching," it stated.

However, there is a risk here that public opinion will quickly fade away in the absence of a clarifying discussion. Riksdag agreements can be interpreted in different ways. It would be a shame if this is regarded as meaning

that for several years to come leading politicians should refrain from discussing whether our neutrality policy involves fundamental problems in connection with EC. If there is something the government and party leaders should not neglect, it is shaping public opinion with respect to our basic security and foreign policy issues.

It is wise of politicians to avoid words like "never." It would be a mistake to rule out EC membership in the long term because we do not know what changes may occur in the world.

On the other hand it is misleading to present the compatibility of neutrality policy with membership as an entirely open question, which is the view backed by the Conservatives and some molders of opinion in the business sector, who often add that Swedish membership will become "necessary."

The starting point is that two military blocs oppose each other in Europe. Even if East Europe wants to cooperate with EC, there is no tendency toward dissolving the defense cooperation on both sides. Thus Sweden's neutrality policy means that we must make it appear credible that in a crisis we would act completely independently and defend ourselves against attack, no matter which direction it comes from.

That is what does not fit in with membership. If we enter into such a broad political and economic union as EC, with an express obligation for members to consult each other with the aim of reaching agreement on foreign policy even in the event of a European crisis, the rest of the world will not believe that we are prepared to act independently.

Austria has announced its intention of applying for membership. This immediately became an argument in the Swedish discussion. If neutral Austria—"which is actually in a more sensitive position than Sweden because of its state treaty," according to SVENSKA DAGBLADET—can apply for membership, then so can we, the argument runs.

But Austria's neutrality policy is not primarily a security policy line. It was not chosen as the surest way to prevent an attack on the country but was forced on it by the victorious powers in World War II. What chance does Austria think it has of remaining outside an East-West conflict on the continent? What defense expenses does the country incur to make independence credible? The parallel between Sweden and Austria is mainly a formal one and does not help us to find a viable Swedish line.

06578

Nonsocialist Bloc Declines in Last Poll Before Campaign

36500134 Stockholm DAGENS NYHETER in Swedish
26 Jun 88 p 11

[Article by Sven Svensson]

[Excerpts] The Environment Party is again increasing, and the nonsocialist opposition is losing in voter opinion. This is shown in DN/IMU's voter poll from June, the last one before campaigning starts in earnest this fall. The socialist bloc now has 47.5 percent of voter support, contrasted with 43 percent for the three nonsocialist parties together.

The study was conducted over the period 18 May-8 June, with 913 home-visit interviews. Only a small portion of the interviews were done after the newspaper EXPRESSEN in early June revealed that Ebbe Carlsson had carried on private investigations on the Olof Palme murder.

The results in June, including changes from the preceding poll in May (within parentheses): The Social Democrats 42.5 percent (+0.5), Conservatives 17 (-3), Center Party 12 (unchanged), Liberal Party 14 (-1), Left-Party Communists 5 (+1), Environment Party 8 (2.5+), and the remaining parties unchanged at 0.0 percent. Those unable to or refusing to respond amounted to 4.5 percent, a decline of 5.5 percent from May.

Great Distance

The socialist bloc has thereby a clear lead in voter sympathy, with 47.5 percent, contrasted to 43 percent for the three nonsocialists parties combined, and the Environment Party has the balance of power.

In the previous poll, there was a rather even balance between the blocs, with 47 percent for the nonsocialists and 46 percent for the socialist bloc.

Only the rise of the Environment Party from 5.5 to 8 percent is statistically certain. The drop of the Conservatives by 3 percentage points balances on the border of being statistically reliable and the long-term trend is 18.2. The Social Democrats have stayed still, just over 42 percent in all polls since the turn of the year 1986/87. The long-term trend for them is 41.9 percent.

/9604

Party Leaders Comment on June Polls

36500136b Stockholm DAGENS NYHETER in Swedish
27 Jun 88 p 12

[Text] "In some ways it's good that the opinion polls were so much in disagreement most recently. This will make them lose credibility and so will not affect the outcome of the election very much," said Social Democratic Party Secretary Bo Torresson.

"I have, on principle, nothing to comment on opinion polls. I have refrained from doing so for the entire campaign period, and will not give any comment now either."

The Social Democrats are not going to concentrate especially on the Environment Party in debates occurring in the near future, even if the latter lies well over the 4-percent threshold.

"Regardless of the outcome of the election, there will be a Social Democratic or nonsocialist government. There is no reason to direct special attention to the Environment Party," said Toresson.

Over the Line

Environment Party spokesman Birger Schlaug thinks the results of the polls are positive. "We are established at a level of over 4 percent. If this subsequently becomes 5 or 10 percent, it is not important to us. It's a matter of getting into the Riksdag."

The Environment Party's sympathizers demonstrate the lowest figure when it comes to likelihood of actually voting, the conviction that they are going to vote for that party they considered best in the poll.

"Our figures lie roughly on the same level as the Liberal Party's, between 55 and 60 percent," said Birger Schlaug. "But it is indeed also a fact that many Social Democratic and Center Party voters, for example, consider us the next best party, so we just as likely make gains when these unsure voters make up their mind."

But despite Schlaug's considering that the opinion polls are contradictory and difficult to interpret, the party is now working as if they were going to get into the Riksdag. "We have a special 'penetration group,' as it is called, which is having talks with the Riksdag's administrative director on office space and such, so that there will be no confusion when we are voted in."

That party which most unequivocally lost ground in the polls is the Conservative Party [Moderate Coalition Party]. In the IMU poll it went down by 3 percent, and in the SIFO poll by 2.2. But Party Secretary Per Unckel does not believe that too much attention should be given to this.

"If one places the IMU and SIFO polls together, the only conclusion that can be drawn is that right now the electorate is extremely volatile and unsure. In the previous IMU poll, we Conservatives increased by 4 percent; now we have dropped by 3 points. This is not an expression of anything other than that the voters are unsure and that the campaign temperature is still low. The conclusion might be drawn that the one winning the campaign will also win the election."

Leading Polls Differ on Voter Support

36500136a Stockholm DAGENS NYHETER in Swedish
27 Jun 88 p 12

[Text] The early summer polls of voter support by the [country's two leading] polling organizations differ on several points.

The report by DN/IMU that the Environment Party is gaining and the nonsocialist opposition ground is opposed by SIFO's polling. In the latter, the Environment Party is declining in support and the nonsocialists are chipping away at the socialist bloc's lead.

The SIFO poll also shows a marked rise for the Liberal Party, differing from the downward trend in which the Liberal Party finds itself, according to IMU. According to SIFO's voter barometer, which was presented in four morning papers on Sunday 26 June, voter support for the Environment Party dropped from 6.5 percent in the previous poll in May to 4.9 percent in June, a decline of 1.9 percent.

Holder of Power Balance

In the DN/IMU measurement, support for the Environment Party increased from 5.5 percent to 8 percent, a statistically valid gain of 2.5 points. In both polls, the Environment Party clears the 4-percent threshold and would be a holder of the balance in Parliament if the figures hold until the election.

In SIFO's poll, the nonsocialist bloc received 45.2 percent, an increase of 1.7 points, while the Social Democrats and Communist Party Left (VPK) together received 49 percent, an increase by 0.4 points.

Likewise, IMU reports plurality for the socialist bloc, which had 47.5 percent of voter sympathy, a rise of 1.5 points since the May poll. In the IMU poll, the three nonsocialist parties lost ground, and received 43 percent in June, compared to 47 percent in May.

SIFO shows a gain in voter support for the Liberal Party, the Center Party, the Social Democrats and the VPK, compared with the May poll. The largest increase was made by the Liberal Party, with 2.9 points more than in the previous poll.

Conservatives Decline

According to IMU, the Liberal Party, on the other hand, has lost ground by 1 point and has gotten stuck in a downward trend. In both polls, the conservatives are dropping, in SIFO by 2.2 points and in IMU by 3 points.

SIFO's June figures (compared with May results in parentheses): Conservatives, 18.2 (-2.2); Liberal Party, 18.1 (+2.9); The Center Party, 8.9 (+1.0); Christian Democratic Assembly, 1.0 (0); Environment Party, 4.6 (-1.9); Social Democrats, 44.8 (+0.1); VPK, 4.2 (+0.3).

TURKEY

Commentary Refutes Kurdish 'Problem'

NC1407103088 Istanbul TERCUMAN in Turkish
12 Jul 88 p 4

[Commentary by Prof Fahir Armaoglu: "The Kurdish Problem"]

[Text] The United States and the European Parliament seem to be trying to create a "Kurdish problem" for Turkey.

About 30 days ago U.S. State Department officials received Celal Talabani, the leader of the Patriotic Union of Kurdistan who carries an Iranian passport. They even allowed him to give a lecture at the State Department. The Turkish Government reacted strongly against this move; however, a number of State Department officials paid no heed to Turkey's reaction. In fact, they continued to put forward claims about the existence of a "Kurdish minority" in Turkey, as if there were a problem concerning a minority community in the country.

Recently, a number of the communist members in the European Parliament made a similar move. About 30 parliamentarians set up a committee and decided to pay a private visit to Turkey to study the "Kurdish problem." Turkey's doors are open to tourists if their objective is to travel and enjoy the country. If the activities of tourists go beyond this objective, then they are not tourists. Therefore, we cannot regard, as tourists, these parliamentarians who want to come to Turkey. The objective

behind their visit is clearly an interference in Turkey's "internal affairs." On matters concerning the so-called Kurdish problem, verbal references have been made recently in the United States and the European parliament to the "Sevres Agreement." Those who are unaware of past developments will believe that such an agreement exists at the present time. The Sevres Agreement is nothing else but a piece of paper, a document which has no legal value and which has been buried in history.

First of all, the United States refused to ratify the peace agreements concluded after World War I. They were all rejected by the senate. While it is true that the Sevres Agreement was signed by the countries of a number of the parliamentarians who wish to visit Turkey, these same countries rendered the Sevres Agreement null and void by signing the Lausanne Agreement later on. Furthermore, although the Sevres Agreement was signed by the representatives of the government which sat in Istanbul at the time, the document was not ratified by the then-government in accordance with the constitution. In other words, the Sevres Agreement was never put into effect and was not even ratified by the countries which had signed it.

Therefore, regardless of how one looks at it, a document known as the Sevres Agreement does not exist. In view of this, it cannot be a basis for any viewpoint. Yes, the matter is that simple.

However, we would like to draw the attention of the government in Ankara to a number of deceitful moves aimed at taking Turkey back 70 years from where it currently stands.

EUROPEAN AFFAIRS

Chemical Weapons Considered Significant Defense Factor

35190078 Paris LE NOUVEL ECONOMISTE in French 10 Jun 88 pp 112-115

[Article by Martine Royo]

[Text] Nuclear disarmament is enabling the "Super-powers" to strengthen their chemical arsenals.

Are we better off being gassed to death or vaporized? To hear Mr Ronald Reagan and Mr Mikhail Gorbachev in Moscow talk of nothing but nuclear disarmament, with but a brief mention of conventional disarmament and not a word about chemical weapons, one would think that the most controversial modern arms are still under a ban of silence. It is a silence which in fact facilitates their proliferation. More than 20 countries, including some in the Third World, are capable of manufacturing them. They have even been nicknamed "the Bomb of the poor." A modest chemical industry can produce them at modest cost. "All you need are a few saucepans and lots of people," jokes one French chemist. A number of developing countries, unable to acquire nuclear weapons because of the Nonproliferation Treaty which has kept the membership of the nuclear club relatively stable for the last 20 years, have turned toward this alternative, which is as terrifying in its effects as it is technologically accessible.

Great War

In Halabja, a small Kurdish village in northern Iraq that had just fallen into the hands of the Iranians, the inhabitants were going about their business on 16 March when the toxic cloud struck. "People fell dead in less than 30 seconds," according to Dr Jacques Milliano, head of a Netherlands-based Doctors Without Borders [Artsen zonder Grenzen] team whose members were the first foreigners to arrive at the scene of the tragedy. "Some were hit while eating in their houses, others while going to look for water or walking in the street. "The survivors suffered burns, eye injuries or respiratory problems, like the French soldiers in the Great War." Dr Milliano concluded from this that the Iraqis had probably used mustard or cyanide gas. And it was not the first time. On several occasions Iranian soldiers have been stopped by airplanes that sprayed them with a greasy, yellow liquid that had the strong garlic smell characteristic of mustard gas. It had merely been thickened, using techniques designed to prolong its effects and increase its toxicity. Must we, like one large American newspaper, accuse the Soviets of providing Iraq with arms banned by the 1925 convention? Investigators from the UN say no. The chemical agents used against the Iranians are, to all appearances, of local manufacture. Iraq has a petrochemical complex at Bassorah which produces ethylene, and is mining sulfur deposits in the Mossoul region. These two products combine to produce mustard gas.

Has Syrian technology been used to help Tehran? Back in the 1960's, Egypt was accused of employing phosgene gas against Yemen. The great powers are largely responsible for this proliferation. They have not hesitated to make use of chemical agents in the conflicts which have ravaged the Third World since the end of World War II. The U.S. used defoliants—the famous "Agent Orange"—in Vietnam. The Soviet Union has allegedly used toxic agents in Southeast Asia and Afghanistan. Moreover, the two countries are showing increasing interest in improving these agents. Progress in production of fine chemicals, biotechnologies and genetic engineering have led to disturbing discoveries which make these weapons almost as formidable as nuclear arms, even though they are less obtrusive.

Sorcerer's Apprentice

Chemical weapons, though repugnant, are less frightening than the atom bomb: better to inflict mass destruction on your enemies by subjecting them to atrocious suffering than to vaporize the planet, according to some strategists. Many even say they are convinced that any conflict on European territory will almost immediately lead to use of chemical weapons. First of all, in order to avoid recourse to nuclear escalation. Second, because chemical weaponry gives what may be a decisive advantage to the army which uses it, since the adversary would be obliged to equip himself with extremely cumbersome protective clothing. Today experts believe they see a weakening of the traditional reluctance to use these weapons, the only arms whose use is prohibited by the laws of war. However, military personnel complain that they are not very reliable, given the imperfect state of micrometeorology. "No one yet can predict when and where a temperature inversion will strike, or predict that a sudden downpour will occur at Versailles on a certain date and hour," according to one general—an expert on NBC (nuclear, bacteriological and chemical) defense—who prefers not to be identified. Now a temperature inversion can prolong the effect of toxins and prevent them from dissipating in the atmosphere. A sudden gust can blow the toxic cloud into the ranks of the attackers or areas populated by civilians. "With chemical, and especially bacteriological, weapons, we are playing at sorcerer's apprentice," says Jean-Baptiste Margeride, a chemical warfare specialist and associate at the Foundation for National Defense Studies. "One is far better off with the neutron bomb, which kills without destroying equipment or structures: its radiation is strictly confined to a small area, and the neutrons are rapidly absorbed by the atmosphere."

What toxins would be employed in event of a chemical war in Europe? "All you need to answer that question is to know what the Soviets have," says a former weapons engineer now working for an international organization. Sarin [as printed], soman [as printed] and VX apparently account for most of the Soviet Union's formidable chemical arsenal, which according to Western experts consists of 200,000 to 700,000 tons of projectiles armed

with chemical products: "At least the equivalent of the French naval forces," observes one French military man. The Soviets themselves have, under the influence of glasnost, begun to acknowledge that they have stockpiles of toxic substances. Last winter an adviser to Foreign Minister Shevardnadze said they have "not more than 50,000 tons." This nonetheless translates into about 300,000 tons of munitions. "They would be used to gas civilian and military NATO targets several hundred miles beyond the front lines," Western strategists say. By comparison, the Atlantic alliance has only 5,500 tons. The U.S. itself has a stockpile estimated at 40,000 tons, but some are very old and only one-third may be operational. In 1969 President Richard Nixon decided to suspend production of these weapons, following an accident close to a manufacturing site. It was only last December that the Americans launched, in response to the Soviet chemical threat, a new program to manufacture so-called "binary" weapons, composed of substances not toxic in themselves which become dangerous only when mixed together, that is when they are used.

The Red Army has clear superiority in the field of chemical warfare, with 100,000 highly-trained soldiers in special units and 20,000 detection and decontamination vehicles. Why has Moscow invested so heavily in these rather disreputable weapons? "Doubtless because the Kremlin was haunted in the 1950's by fear of its inferiority in the nuclear field," a French diplomat suggests. There is also a "prehistory" in Soviet chemistry dating back to the collaboration between Weimar Germany and the USSR in the 1920's. Germany, muzzled by the Treaty of Versailles, saw in cooperation with the East a chance to recover its military capacity while avoiding Western interference. The second stage came at the end of World War II, when the majority of German chemical plants and their technicians fell into Soviet hands.

Today the Soviets prefer to negotiate. Last February Moscow admitted holding stockpiles of chemical weapons. In April 1987 Mr Gorbachev announced suspension of their manufacture. On 6 August, during the Geneva disarmament conference, Mr Shevardnadze endorsed the principle of inspection visits on very short notice. Such visits, previously considered unacceptable, are according to Westerners the only way to guarantee that a treaty on chemical disarmament would be even minimally meaningful. The ultimate proof of Soviet goodwill: on 2 October Moscow invited experts from 45 countries to observe the destruction of a chemical projectile at Chikhany, a site some 700 kilometers southeast of Moscow. The Americans maintain that the most modern weapons remain under wraps. "They showed us a rather backward gamut of weapons," agrees one French expert who attended the demonstration. A month later the Americans in turn invited Soviet specialists to visit the chemical arms destruction facilities at Tooele, in Utah, and in turn found their visitors skeptical. On his return, General Razuvaev said: "We saw a standard collection of American chemical munitions. Unfortunately, it was not complete."

Cholera

Another obstacle to concluding a "verifiable" chemical disarmament treaty is the confusion which reigns, thanks to technological progress, between chemical and bacteriological arms, which have already been banned by the 1972 convention signed by Moscow and Washington. The most modern chemical arms, the so-called third-generation weapons, include not only sophisticated and terrifying neurotoxins, but also antigens. The "cholera broth" manufactured in laboratories does not consist of cholera virus, but of the antigen it produces, in other words, the agent that makes the victim sick. But it is not contagious. As far as the Soviets are concerned, it is a bacteriological weapon. The Americans consider them a "very ordinary" chemical weapon, which leads one to suppose that, unlike the Soviets, they have completely mastered the technology.

At the very time when the Geneva negotiations on the subject started getting serious, giving rise to hopes for verifiable chemical disarmament, France decided to acquire its own chemical deterrent capacity. The French military authorization bill for 1987-1991 in fact explicitly and openly authorizes the defense minister to resume the manufacture of toxic weapons. Did this in some way strain the Cartesian principles of French logic? "No," argue its supporters, since the gradual reduction of Soviet stocks will still leave the Soviet Union with uncontested superiority for at least 10 years. "A new strain on the strategy of deterrence? "Rather an addition to it," according to sources in the Defense Ministry, for one must also take into account the threat that deterrence itself will be distorted. "One is not going to fire a nuclear missile to deter a Soviet soldier from crossing the Rhine," according to a source at Rue Saint-Dominique. "Without an adequate conventional force, what is one to do but acquire a chemical capability?"

Binary Weapons

What triggered this new policy was the Soviet-American accord on elimination of Euro-missiles, which leaves Europe quasi-disarmed in face of the overwhelming superiority of the Soviets. Then, at the Tokyo summit in May 1985, there was the gentlemen's agreement between Chancellor Helmut Kohl and President Reagan by the terms of which the U.S. would withdraw its stockpiles of NATO chemical arms from West German territory by 1992. Moreover, the agreement did not allow Washington to replace them with its new binary weapons. "The Europeans made a big mistake in refusing to store the new American weapons on their territory," says General Etienne Copel, former deputy chief of staff of the air force, who is one of the most ardent supporters of Western chemical rearmament. In his view, nuclear deterrence deters nothing but nuclear attack, and only chemical deterrence can deter an adversary from using chemical weapons.

Several hundred million francs have been allocated to chemical weaponry in the authorization bill. France is not starting from zero in this area. A number of international experts believe it is already a member of the "club." Some even say France is the third largest chemical power in the world, after the Soviet Union and the U.S. SIPRI, the Swedish strategic studies institute, whose publications are considered authoritative in military circles, assesses France's stockpile of chemical weapons at several hundred tons. The sites where they are manufactured and stored are a well-guarded secret. The Defense Ministry goes only so far as to admit that "we have a minimal stockpile at our disposal, with high-capacity production facilities so that manufacture can be augmented very rapidly in case of chemical war."

Two sites are the special focus of attention. First the one at Bracquerville on the banks of the Garonne, near Toulouse. It belongs to the government, which put its facilities at the disposal of the National Powder and Explosives Company (SNPE): it was the center for the manufacture of chemical weapons in the 1960's. It was abandoned in the 1970's. Two years ago the SNPE reportedly began to study the possibility of reactivating it and planned to invest Fr 300 million in the project, which officially it denies. Is this the facility to which SIPRI refers when it speaks of an installation in the Toulouse region which has specialized in the production of neurotoxins since 1965 but has now reportedly been reconverted for the production of binary weapons? SNPE also owns at Sorgues, near Avignon, a plant which specializes in the handling of organic phosphorus compounds, which are the chemical base of insecticides, herbicides and fungicides, but also of the neurotoxins which are the mainstay of modern chemical arms stockpiles. Very unusual precautions were reportedly taken in its construction. Finally, its laboratory at Bouchet, in the Essonne, is contiguous to the research center of the General Armament Commission (DGA), where all military experiments on biological and chemical defense are conducted. Its manager, Mr Philippe Leroy, like many SNPE executives a former weapons engineer, makes no secret of his ties with his neighbor: the Bouchet laboratory often does contract work for DRET (the Army's Directorate of Research, Studies and Technologies).

Salt peter

Besides, it should come as no surprise to find the SNPE at the heart of France's chemical arms manufacturing capability: all the European and American counterparts of SNPE reputed to have made such devices were once gunpowder plants like the SNPE itself. Companies like Du Pont de Nemours, which started out collecting salt-peter in cellars during the French Revolution, International Chemical Industries (ICI) in Great Britain, United Powder Factories of Belgium (PRB), or the Nobel company of Sweden. But the explosives that made them fortunes during the last wars quickly lost their profit-generating capacity, with declining military, and later mining, activity. So they launched themselves into the

production of fine chemicals, some into phosphorus-based pesticides, herbicides or fungicides. Without of course breaking off their traditional ties to the military establishment. So we have ICI to thank for the research that in the 1950's developed the most violent neurotoxins, the so-called V agents, renamed VX in the U.S.

The second French chemical products manufacturing site for military purposes is believed to be the Pont-de-Claix plant near Grenoble, which belongs to Rhone-Poulenc. Built in 1916 to make chlorine and phosgene, one of the gassing agents used during World War I, it stood next to an ordnance-loading facility belonging to the defense ministry, who sold it the land when it was abandoned after World War II.

At the start of the 1939-1945 conflict, when everyone feared a recourse to chemical weapons, Pont-de-Claix was the big organic phosphorus manufacturer, according to a chemical industrialist, who notes that the French government has traditionally relied on factories situated in southeastern France, because they are far from the borders. Today the plant at Pont-de-Claix continues to make chlorine and phosgene, but also insecticides, fungicides and herbicides. It counts the SNPE and the army among its clients. At Rhone-Poulenc it is pointed out that "the ties with the two clients are purely commercial," and that the plant provides nothing but "chlorine and soda" to SNPE and "electrical insulators and thermic fluids" to the army.

The research center at Bouchet, which belongs to the DGA, is the only facility that admits manufacturing neurotoxins—only in minute quantities and for the purpose of enabling the Saint-Etienne Arms Plant to test its protective materials. Each year the Bouchet laboratory delivers, in a vehicle preceded and followed by motorcycle police, several grams of toxic products to test the filter cartridges for gas masks. The container is submerged in a pool of soda that would destroy it in case of accident. MAS is, in fact, the leading specialist in nuclear and chemical protection. It makes everything, except for gas-proof vestments—which are made by Paul Boye Company—and unit shelters—a specialty of Bonna and Sofitra, a pipe and tubing manufacturer. Everything from the piece of paper that becomes discolored in the presence of a toxic substance, a species of litmus paper, to the Vab-Reco prototype, a veritable mobile laboratory installed in an armored vehicle straight from the production lines at Renault (RVI), which can maneuver in terrain contaminated by chemical or nuclear weapons while at the same time taking and analyzing samples to determine the nature of the toxin. Not to mention Detalac, an apparatus which tests only for organic phosphorus compounds, but which foreigners want: several dozen units have already been exported, and MAS hopes to be able to announce its first big export contract in the near future.

Cradles

This is the same MAS which for 35 years has been making the gas masks for the French Army. In the last 18

months it has gone back into active production. Gone are the narrow-view goggles of 1914-1918: the new mask has a wide visor like a motorcycle helmet, and its filter cartridges contain activated carbon that absorbs toxins. In the MAS catalogue one can even find protective monks' cowls and sealed cradles with air filters. The pity is they have not been making them for years. "Civil defense is very inadequate in France," says one military expert on NBC protective measures. "Even in the army, there are only 50,000 gas mask cartridges for 500,000 soldiers." One also finds MAS involved in the decontamination aspect of chemical defense, with portable atomizers that spray a soda solution on objects to be decontaminated. But France is not really in the forefront in this area.

Independence has its price: France wants to take charge of securing its own chemical defense. But as technological progress puts increasing strains on nuclear deterrence, the cost of this strategy will rise, bringing the question of a European defense into increasingly sharp focus.

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FEDERAL REPUBLIC OF GERMANY

Attrition Redefined as Component of Forward Defense Doctrine

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[Article by Col Karl-Heinz Golla [GS]: "Attrition, a Neglected Element of Defense; Modern Reconnaissance, Fire, and Interdiction Resources in Conjunction With Lessons From Recent Wars Open Up New Prospects for Forward Defense"; first paragraph is TRUPPENPRAXIS introduction]

[Text] The further development of military resources made possible by modern electronics and sensory analysis receives wide attention in military-technical journals. The author has set the goal for himself of linking them with lessons from wars of our time and to demonstrate possibilities for using them in the Army in connection with our defense efforts.

For the FRG, forward defense is a *sine qua non*. NATO strategy as well as our national defense planning take this into account.

The rapidly progressing development of military resources in East and West, the changing structure of our area, but also drastic demographic changes in the FRG, and the continued tight funds for defense efforts in the entire Western alliance make it appear to be especially urgent to reexamine the concept of our Armed Forces for its continued effectiveness. As a new aspect, the necessity must be added to analyze, with an eye to the future, conceivable disarmament and arms control agreements regarding future strategic and operational constellations,

so that our armed forces planning, on the one hand, does not represent an obstacle on the road to greater detente, but, on the other hand, continues to keep in mind our need for protection from military aggression.

The requirements, unchangeable from a national point of view, for the concept of our Armed Forces—limiting operational planning to maintaining or restoring territorial integrity and defense against an attack as close to the border as possible with maximum limitation of damage—are other factors that effect planning for the structure and employment of the Army.

As an element of deterrence in Central Europe, the FRG ground forces play an outstanding role. In view of the above-mentioned problems and requirements the NATO decision to improve the conventional defense capability of its Armed Forces is, therefore, likely to become a serious challenge, especially for our army planning.

Success and failure on the battlefield are decisively determined by the kind and effectiveness of the military resources and are determined by the manner in which they are intellectually understood and are translated into doctrine and organization.

The past 100 years are especially rich in examples of mistakes of novel military resources. In general it is true that developments which decisively change the pattern of war have rarely been fully recognized from the beginning or could not sufficiently influence conventional military thinking. This applies to the repeater rifles as well as to the machine gun and the battle tank, to cite only some familiar examples. The dire consequences are sufficiently enough known. However, where it was possible to logically comprehend modern military resources for one's own planned action in war and to translate these findings into appropriate equipment and the training of the forces, advantages developed for the Armed Forces on the battlefield which, if at all, could be made up by the enemy only by great exertions.

Therefore, armed forces planners are well advised when they pay maximum attention to the scientific analysis of the development of military resources and their role in war.

Modern Military Resources Change the Battlefield

In this process it becomes apparent that especially the elements of reconnaissance and fire profit from modern armament technology, while other elements, such as mobility and direct protection have less clear-cut benefits. In addition to the conventional reconnaissance means, which are considerably enhanced in their effectiveness, new developments such as drones, airborne platforms, and "implant" sensors in the tactical and operational reconnaissance area in the future will make possible a tighter surveillance of the area under virtually all conditions and with "real time" results.

"Intelligent" mining ammunition against any type of moving targets on the ground is available today not only to the engineers traditionally conducting mine warfare, but also to the artillery and to the air forces. With their weapons systems large area barriers can be deployed by quick reaction, with the element of surprise and deep into the area utilized by the enemy. As a result, the enemy's forces are subjected to attrition ahead of time and/or delayed with lasting effect before they ever arrive at the theater of the direct combat actions. The availability of bomblet and terminally guided ammunition for the artillery and the air forces as well as the imminent introduction of combat drones open up completely new aspects for engaging armored combat vehicles at great distances with high accuracy of fire or great area effect.

Unmanned missiles with operational ranges which—in conjunction with real time reconnaissance resources—inflict high losses by submunition on units in movement and in assembly areas or which can destroy preprogrammed stationary targets by their great conventional explosive force are no longer a military utopia. Not least, the possibility emerges of employing antitank guided missiles with optical search heads with the help of lightwave guides from sheltered positions, so that armored ground targets and possibly helicopters, even over terrain elevations and cover, can be engaged at distances which are far greater than the effective range of the guns of armored vehicles.¹

It appears to be especially noteworthy that the long series of modern military resources enumerated above is likely to favor the defender more than the aggressor. The latter must move forward, therefore he is more easily recognizable and is forced to leave the protecting position.

However, it would be dangerous if we were not to point out with extreme care how a potential aggressor can utilize the latest technologies in his armed forces and what changes novel or further developed military resources trigger in his structures and tactical-operational views.² Since for many reasons it seems impossible that the continuous modernization of the other side, carried out at great speed with little regard for other social spheres, can be met step by step by adjustments in one's own military areas, it is important to recognize changes in the threat with foresight well in advance and to pursue the further development of one's own armed forces so that the military resources to be introduced will guarantee for as long a time as possible the ability to fulfill the defense mission.

Of course, that is easier said than done, especially in view of the costs and risks. Nevertheless, it seems that now is the right time to examine soberly whether our assessment of the elements determining military actions during wartime continue to be correct in view of the recognizable military technology development. At any rate, all indications point to the possibility that long-range fire guided by reliable and promptly operating sensors in conjunction with "intelligent" interdiction

measures, in the future could open up the opportunity to the defender to create a zone of attrition forward of the areas to be maintained that, to overcome it, would cost the aggressor high losses and momentum.

Thus, two things could be achieved: Improvement of one's own conventional deterrence in peacetime and expansion of one's own freedom of action in combat.

Lessons From More Recent Military History for Defense Planning

Employment of the Armed Forces on the battlefield is determined not only by the assessment of the threat and the effect of modern military resources but also by knowledge and experience from other wars.

To sift out operational and tactical lessons from armed conflicts of another time or at other places applicable to one's own Armed Forces is probably one of the most difficult tasks of military intellectual work. Not to face it involves the danger of losing independent judgment. All tendencies to play down the importance of the solid study of military events of the most recent past and of the present must, therefore, be forcefully counteracted.

In case of an attack against NATO in Central Europe, protection of one's own territory is the central task of the ground forces. Therefore, the analysis of the wars of our time for us, to a special degree, should be oriented on the tactical and operational lessons valid from the past for a successful area defense.

In the selection of the events to be studied, we must pay special attention to comparability of present and past conditions. From an operational aspect, important assumptions in this connection are:

- the numerically great superiority of the aggressor in the area of operations;
- reliance of the aggressor primarily on mechanized forces and a strong artillery;
- the aggressor's high air attack capacity;
- the limit of the depth of the area available for defense.

Examples from the more recent military history, in which a sustained defense was conducted under such conditions, are especially the battles at the Cassino front, January-May 1944, on the Cotentin peninsula, June-July 1944, and last but not least the defense against the Syrian attack by the Israelis at the beginning of the Near East war.

From the study of the course of these operations, features for the defense can be derived, attention to which seems to be indispensable even today and for the foreseeable future when it is a question of denying the aggressor deep ground gains.

These features are:

—choice of the terrain according to the characteristics of the available forces;

—great care in the precautions taken for the protection of the forces and installations in the face of the preparatory fire of the aggressor;

—attrition of the aggressor and breaking of his momentum by dense fire and barrier systems, echeloned in depth, before the main defense;

—quick-reaction counterthrusts/counterattacks by strong local reserves as soon as crises arise or taking advantage of the aggressor's weaknesses;

—foresighted material supply and personnel replacement planning for prolonged periods;

—availability of highly mobile operational reserves for the decision in the defensive battle or for the transition to offensive action.

If offensive warfare is regarded as the leading side, it can be generally noted similarly that the offensive armed forces at the beginning of the conflict have almost always scored considerable successes even though the overall ratio of forces of the opposing parties was even or in favor of the side that had been attacked. But the picture changed if the defender during the course of the conflict succeeded in making up for the lead of the aggressor in preparation and freedom of action. Operational successes on the theater of war were then determined by the capability of both sides to concentrate superior combat fighting strength at a decisive point and at the right time and to keep up the battle in terms of materiel and manpower. Surprise and headstart in combat readiness continued to determine the course of operations to a decisive degree only on the tactical level. In these cases the outcome of the war was determined by strategic factors.

But the geostrategic position of the FRG, our economic and population structures and the dependence of defense planning for Central Europe on reinforcements do not permit, even in the case of a surprise war of aggression against our territory considerable initial successes of the aggressor either in the form of terrain gain or by attrition of our forces. To take the necessary precautions against such eventualities urgently requires utilization of the available modern reconnaissance and attrition potential.

Reinforcements of the Terrain Are an Essential Element of Defense

The value of reinforcements of the terrain should also be judged from this aspect. In view of the realities it is hardly understandable why their operational importance in the consideration of wars of our time frequently are so much played down or are so quickly forgotten.

Thus, e.g., it is questionable whether the Israelis would have withstood the first assault of the Syrians in the fourth Near East war without antitank ditches, extensive minefields and excellently prepared positions for battle tanks and infantry. In the war between Iraq and Iran, too, reinforcements of the terrain more than once contributed decisively to denying the aggressor deep thrusts.

To stress the importance of reinforcements of the terrain in World War II would fill volumes; therefore, let us only recall here the Soviet defense in the front salient of Kursk in the summer of 1943 and the defense of the accesses to the Liri Valley by the 14th Tank Corps in Italy. And who knows how the ideas of Maginot and Painleve would now be regarded if the German armored divisions in 1940 would have had to fight their way to France over a completely finished and fortified zone, manned according to plan.

Not that reinforcements of the terrain are to be emphasized as a magic formula—the conditions under which they would be carried out are much too complex to regard such actions as a magic formula. But what their role in the wars of our time do demonstrate is the recognition that reinforcements of the terrain can considerably contribute to reducing the original advantages of the aggressor—especially his headstart in actions at the points selected by him for penetration of the defense. The progress achieved recently in the effectiveness and in the extent of application of barriers open up new prospects in this respect which probably have not yet been completely explored.

Conceptional Considerations Concerning Forward Defense With Greater Emphasis of the Element of Attrition

With the conceptional ideas only superficially raised in the following for a defense increasingly oriented on the attrition of the aggressor by long-range fire and barriers, the attempt is made to give impetus in this direction, based on the ideas indicated above.

Fundamental Operational Idea

The aggressor must be worn out and slowed during the advance from the depth and the thrust into the territory to be held by fire and barriers in a constantly increasing degree, so that when he meets the main defense he is no longer able to execute the planned attack operations and quickly breach the forces which were originally defensive there. Thus the prerequisites are created for timely reinforcement of the defense at the threatened points, the forces deployed forward are saved from rapid attrition of their combat effectiveness and the operational reserves will be preserved for the decision of the battle.

Conduct of Operations

—Start of the defense operations by covering and reconnaissance forces directly at the border. The covering zone³ is to be deep enough so that the mass of the

artillery and the air defense of the aggressor must redeploy from the original deployment areas before they can support the combat forces in the attack on the main defense. The covering and reconnaissance forces consist in the first place of light armored combat forces and engineers. Their missions are to support reconnaissance of strength and intention of the aggressor, repulsing his tactical ground reconnaissance and his advanced guards, but above all the battle for barriers to create favorable conditions for the use of strong artillery and airmobile weapons systems for the attrition of the enemy. Strong air defense forces protect especially the artillery.

—Breaking up the attacks in the main defense consisting of a fire and barrier zone and a prepared zone behind it.

In a terrain strip—the fire and barrier zone—about 5 km deep continuously running in front of the prepared areas of the combat forces, the offensive power of the enemy is to be broken by fire and barriers. The barrier system consists of all kinds of mine, explosive and construction barriers prepared before the start of the attack and of preplanned barrier areas for the employment of the interdiction means of the artillery and the air force, in its rear part also the mine launchers of the engineers. It must cover the area and must overlap.⁴

The artillery fire is to be planned so that the fire and denial zone is completely controlled. The mortar fire of the combat forces and of the air forces intensifies and reinforces the artillery fire. The availability of homing ammunition also permits engagement of individual enemy combat vehicles, especially those that are being used for mine detecting and clearing.

A continuous network of technical reconnaissance sensors of all kinds creates the condition so that no enemy movement into the fire and denial zone and through it remains undetected. If necessary the network can be supplemented by observers in well concealed and protected observation posts within the fire and denial zone.

The forces deployed in the prepared zone predominantly consist of antitank forces, infantry, and engineers. Their tasks are the destruction of the enemy armored combat vehicles moving through the fire and denial zone by long-range antitank defense, repulsing the attempts of the enemy infantry and engineers to break open the fire and denial zone and maintenance of the freedom of action of the artillery and the reserves. Airmobile antitank means support the battle of the forces on the ground. An effective air defense must make sure that the airmobile potential available to the aggressor cannot be deployed. Great importance is attached to the protection of the forces in the prepared zone from the artillery fire and the enemy air attack forces and also from the effect of nuclear and chemical weapons.

—Removing, but at least sealing off, of enemy thrusts through the fire and denial zone by quick-reaction employment of strike force reserves in coordination with the deployed force, airmobile antitank defense and mobile blockade sections.

Breaches in the barrier system of the fire and denial zone are to be closed first of all by long-range barrier means of the artillery, in crisis situations also by air-dropped mines and, as soon as the situation permits it, by employment of engineers.

The employment of strike force reserves is supported by the historical knowledge that countermeasures carried out without delay, with a smaller number of forces familiar with the area, combat ready and highly mobile, in most cases are more successful than the employment of stronger forces following loss of time against the enemy who is then prepared for the action.

—Counterattacks with concentrated strike force reserves in considerable numbers if penetrations into the prepared zone can only be corrected in this way, if weaknesses of the enemy can be taken advantage of for recovery of terrain, or when there must be fighting to restore the cohesion of the defense.

—Engagement of the enemy forces brought up from the depth and his artillery in coordination between ground and air forces and according to the priorities resulting from course and purpose of one's own operations.⁵

—Intervention of operational reserves with the priority objective to inflict a serious defeat on the aggressor, but, if the situation requires it, also to replace battle-weary forces or to establish a new defense.

Organization of an Area

The territory in which the corps conducts the defense has a depth of 80-100 km.

The covering zone is to be less than 20 km in most cases. It is part of the division territory.

The main defense consists of the fire and denial zone that has a depth of approximately 5 km and the prepared zone with a depth of 5-8 km. The prepared zone adjoins the rear division territory with a depth of up to 20 km. In its forward part, if suitable also extending into the prepared zone, there are the firing positions of the artillery, behind them the mass of the areas for the armor-heavy strike force reserves and uncommitted parts of the division combat support forces.

The logistics and medical units are distributed over the entire rear division territory.

The rear corps territory extends to the rear of the defense area of the divisions.

Forces and Tasks

Considerations on the organization of the forces and their operational disposition would go beyond the scope of the topic. However, profound changes in the structure of our Army would be prerequisites for the application of the operational basic idea for the forward defense described above. But some of the most important logical measures are to be briefly touched upon as pointing the way.

—The division should be tailored more than now to its principal task in the framework of defense planning—holding of area or operational reserve.

—The divisions to be employed in defense areas could consist of two brigades each conceived for the battle in the main defense—working designation “antitank infantry brigade (PzAbwInfBrig)” —and an armored brigade planned for the formation of a strike force brigade.

—The changed role of the artillery would make it appear suitable to concentrate it on division level and to employ it in artillery groups.

—The mass of the combat forces provided for operations in the covering zone should be available as combat support forces on division level.

—In view of the area conditions and the technical possibilities it would be the thing to do to concentrate logistics and medical service on the division level.

—The divisions planned as operational reserve in organization and equipment should be primarily oriented towards combat, utilizing armored striking power. The nucleus of their combat effectiveness could be concentrated into two armored brigades (organization the same as that of the other divisions).

—Reconnaissance and firing systems of operational importance should be concentrated on corps level. This also includes long-range combat drones which may possibly be introduced and ground-based conventional missiles for interdiction tasks in the enemy's depth.

—Engineering tasks could be split up to the various command levels. While the capacity for crossing medium and wide waters should be concentrated on corps level—crossings of such waters in combat for the most part even now go beyond the capabilities of the division—the engineers of the division could be focused primarily on tasks dealing with the reinforcement of the terrain.

—Full utilization of the potential of airmobile conduct of operations requires the abandoning of past thinking. Its elements must form a compact whole if they are to be employed with quick reaction, with maximum effectiveness, and with the greatest freedom of action possible. A brigade-strength major formation on corps level with

units organically belonging to them of airmobile infantry and engineers, antitank/attack helicopters, transport helicopters and, if confirmed in their effect, anti-helicopter helicopters offer themselves as a solution.

Limiting the infantry component of this major formation approximately to battalion strength would be regarded as adequate because of the transport capacity that can be allocated (part of the army transport helicopters must be kept for other purposes) but in view of the high mobility of all other combat forces in the relatively small deployment areas and the possible temporary reinforcement with other airmobile infantry.

—The present concept for the protection of rear territories should also be reexamined. It seems questionable whether the home defense brigades and regiments remaining under national command are especially suitable for combat against the forces and groups of presumably excellently trained and equipped special forces to be expected immediately before the start of an attack.

In view of the doctrine and the possibilities of the potential enemy to start with, a threat from regular tactical units and forces in the rear part of the forward combat zone is to be expected during the course of the attack. There, the corps should be able to react quickly but does not have troops organically provided for this purpose.

Threats of an operational dimension by the aggressor's ground forces in the rear combat zone are likely to occur only if our air defense has been decisively weakened or the ground forces fighting forward have been widely breached.

To be able to effectively counter such developments with the home defense brigades, which are inadequately supported and are not under unified command—if they are available at all—again appears questionable. Crises of that kind require the employment of command levels and forces unrestrictedly suitable for combined arms combat and for interaction with the air forces.

Therefore, it would be the obvious thing to do to integrate into each corps a brigade-strength major formation for the protection of the rear areas, which should consist of infantry battalions with light armored combat vehicles in close employment, of motorized infantry battalions for security and for raid-type operations, and of units with anti-aircraft weapons systems against low-flying targets.

The deployment area of the brigade is, above all, the rear corps area. Temporary subordination of parts under territorial command authorities for employment in the rear combat zone, possibly in coordination with forces of the airmobile brigade of the corps, ought to be possible.

The protective duties in the rear combat zone should be taken care of by as dense a network of combat troops as possible in company and platoon size, in addition to all forces present there in view of the high priority of the threat to be expected there at first. Aside from the already existing home defense companies and security platoons, whose training and equipment would increasingly have to be oriented on harassment of special forces, the establishment of highly mobile units with light armored combat vehicles (the thinking is two companies per military region command) as strike force reserves and for escort duties is conceivable.

—Great importance is attached to the staying power of the forces conducting the main defense. In addition to the logistics prerequisites, special care should be taken that battle-weary units of the infantry defending in the prepared zone can be relieved. The combat support forces of the division fighting initially in the covering-force area, if the situation requires it also the mechanized elements of the major formation of the corps provided for the protection of the rear corps area, must be able to be the relief force.

—For an effective air defense system with staying power neither costs nor efforts must be spared so that crises of operational dimensions are not triggered by the aggressor's superior air attack forces. In addition, it would be advisable to improve the capability of the combat troops to fend off by quick reaction the enemy's attack helicopters which, in most cases, make unexpected appearances. Incorporation of mobile air defense rocket forces into the infantry units could bring relief here and the already existing air defense weapons systems could be released more for priority duties, e.g., protection of the artillery and the reserves.⁶

A New Army Structure?

More far-reaching consideration concerning the structure of the forces and operational options as prerequisites for the application of the operational ideas of the forward defense touched on above would go far beyond the topic.

In view of the profound changes in the area of conventional land warfare to be expected as a result of the emergence of highly effective reconnaissance and fire means and mines and other obstacles and which are now being used to some extent, adjustment of the equipment concepts, forms of organization and operational doctrine of our Army to future operating conditions and manifestations of war appear to be the dictates of reason. In the process some of the gradually forgotten operational and tactical lessons could then also reclaim the place that they deserve.

Since it appears as if all the problems to be overcome on the way to the 21st century can best be solved—and that may be the only way—by structural changes, the step to a comprehensive external reform of the Army should be taken even knowing the burdens being placed on the forces and the leadership.

Footnotes

1. Numerous more profound publications have appeared on the topic of this section. The following are cited as examples:

—“Effects of Modern Technologies on the Future Development of the Army” by Brig Gen Georg Bernhardt in *SOLDAT UND TECHNIK*, ¾7

—“Fight Against Armored Attack Forces by Indirectly Directed Fire” in *SOLDAT UND TECHNIK*, 4/86, pp 202-206

—“Conventional Weapons Technology Changes the NATO Calculation” by Ludwig Schulte in *EUROPAEISCHE WEHRKUNDE/WWR*, 12/86

—“Reconnaissance for FOFA Requires Farsightedness and Speed” by Hans-Joachim Belde in *EUROPAEISCHE WEHRKUNDE/WWR*, 12/86

—“Unmanned Airborne Systems” by Neville H. Cross in *DEFENCE*, Nov 86

—“The Remote Control Battlefield” by William Fowler in *DEFENCE*, Nov 86

2. In this connection also see “Ogarkov's Revolution” by D.L. Smith and A.L. Meier in *INTERNATIONAL DEFENCE REVIEW*, ¾7.

3. The term “Deckungszone” corresponds to the NATO standardized term “covering-force area.” To continue to speak of the area in front of the main defense as “delaying zone” does not correspond either to its operational character or to the task of the operations to be carried out there.

At the same time the concept “delay” thus is assigned to the tactical command echelon and it corresponds to the national ideas on operational command.

4. Rough calculations show that the barrier capacity of a division even now and that available in the foreseeable future makes it possible to completely deny a terrain sector about 50 km wide and 5 km deep if about 24-36 hours of preparatory time is allocated. In addition, there remains sufficient mining ammunition to feed this barrier system during combat.

The presumed future mining capacity of the medium artillery rocket launcher has not been included in the rough calculation.

It is also to be intended for interdiction tasks forward of the main defense.

5. See in this connection: “Combat in Depth Requires an Operational Concept” by Lt Gen v. Sandrart in *EUROPAEISCHE WEHRKUNDE/WWR*, 2/87.

6. The introduction of anti-aircraft missile systems for the infantry units could prove to be unnecessary if other weapons systems, e.g., tank destroyer combat vehicles, helicopter-destroyer helicopters or combat drones could guarantee adequate protection.

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GREECE

New Details Provided on ELVIE MEK Arms Firm
35210116 Athens TO KALAMI in Greek 9 Jun 88 p 12

[Text] The Greek Explosives and Ammunitions Industry [ELVIE MEK]: The Greek Irangate or how the South Africans are marketing bombs with a Greek seal of origin.

—Who are the real bosses of ELVIE MEK?

—The Chilean "strawman" Gardoen for the South Africans.

—The role of Psathas-Parlas in moving weapons to Iraq.

—Iraq through ELVIE MEK ordered a chemical plant from the Swedish company Nobel.

KALAMI, after its repeated reports in previous issues about ELVIE MEK which produces explosives and ammunition, returns again today to this subject with new revelations about the company's real bosses, the role of Chilean Gardoen, and the placement of new orders with the company.

As is now known, ELVIE MEK, which "manufactures" (we will explain later why we placed the word manufactures in quotation marks) cluster-type fragmentary bombs, is now controlled by Chileans. Its president is now Jorge Burr, an associate of Carlos Gardoen, the known Chilean manufacturer of this kind of bomb.

But this notorious Gardoen is, as we reveal today, but a strawman for the South Africans. They actually own his plant in Chile and more specifically, the plant belongs to ARMSCOR, the state umbrella for industrial production of such materiel in South Africa.

Before ELVIE MEK passed into the control of Chileans and South Africans, it had passed through many other hands.

In 1985, 70 percent of the ELVIE MEK stock was bought by the Kohrei family of Zimbabwe, to produce cluster-type bombs there. Later they bought the entire company for 15 million dollars!

Next, ELVIE MEK passed into the hands of Greek-Cypriot businessman T. Xenopoulos who apparently "smelled a rat" and wisely left the company for good to the Chileans/South Africans...

But let us take things in sequence. They are complicated enough as it is and there is no need for us to complicate them even more...

As we all know, South Africa cannot engage in the import-export traffic of war materiel because of the international embargo. To bypass this, that country has bought companies throughout the world and through them markets its weapons in the world market.

How Is It Done?

Simply, in these plants scattered throughout the world it manufactures only one small part of the bomb, or at times it does not manufacture anything at all but simply issues an affidavit of origin from a given country. In this way South Africa does not appear on any of the official papers.

Of course, all these "branches," if we can call them that, are controlled by South Africa, by ARMSCOR. So you can understand what we are talking about, we tell you that this ARMSCOR employs some 150,000 persons...

Around 1981-1982 the South Africans thought of producing cluster bombs. The plans originated in Praetoria and the first tests were conducted on Iranian soil for the benefit of Iraq. Iraq liked the bomb and placed an order, but like all other Arab countries, it, too, participates in the embargo against South Africa. Therefore, it could not buy the bombs openly from South Africa. South Africa, unwilling to lose this lucrative order, bought ELVIE MEK to produce or rather to appear that it produces here. However, the sub-directorate of War Industry had a different opinion and refused to issue a license. By necessity the South Africans went somewhere else.

Pinochet's military regime in Chile gladly accepted production on its soil. So, the South Africans bought a company there and Gardoen became its major stockholder. From this point on, Carlos Gardoen became their instrument, receiving orders directly from South Africa.

Production of the bomb—which sells for 12,000 dollars apiece—started to fulfill the contract with Iraq. The mark "Made in Chile" is false, since 80 percent of the materiel comes from South Africa and only 20 percent is manufactured in Chile.

On the other hand, ELVIE MEK is used only on paper for the sale of weapons to Iran. But the Irangate scandal breaks out and all goes to pot...

The South Africans are in a panic after the unmasking of their bomb marketing. As a last resort, they conduct a fictitious sale of ARMSCOR to Gardoen and he, as the presumed new owner, succeeds to a large extent in covering their tracks. At least in Greece we refer to the Chileans as the owners of ELVIE MEK and not to the South Africans.

At this point, it is worth looking into the identity of the two individuals now heading ELVIEMEK. First, let us see Psathas who is the one who finds and brings in "customers from outside."

Psathas, a retired general, was deputy director of the War Industry Service [YPOVI] during the time arms were being sold to Iran and Iraq, and as you can understand, was the man who facilitated the sales by audaciously signing all the necessary export licenses. The moment he was thrown out of YPOVI he was, as it should be, hired by ELVIEMEK.

Parlas, the new general manager of ELVIEMEK, came to Greece literally out of the blue. He was engaged in the marketing of oil. Iraq does not have cash to pay for the bombs, so pays in oil.

Parlas was working in the oil marketing organization. Of course, large quantities of this oil end up even today in South Africa despite the embargo. So they made this fellow general manager of ELVIEMEK.

All these people, of course, communicate with the South Africans through a lawyer.

Following Irangate and the closing of sales to Iran, the South Africans turned exclusively to Iraq.

Gardoen was recently sent to Iraq where he signed an agreement to sell them a complete plant for the production of chemicals and chemical weapons. The plant will be delivered by the Swedish company Nobel, and guess who appears on paper as the buyer...? You guessed right! ELVIEMEK!

Nobel, which, of course, is in the know, will be covered by the fiction that it is selling the equipment and knowhow to ELVIEMEK, while in reality it is selling to Iraq. For appearances sake, of course, a few pieces of equipment may be sent here.

In reality, ELVIEMEK is not operating today, and in any event, is not a profitable company. But even as a front it is useful enough for its owners to support its existence.

Mr [Minister of Defense] Kharalambopoulos, this is what we know. What do you know?

Is it necessary to remind you that in a plant in Kartou, similar to that of ELVIEMEK, 29 persons were killed after an explosion very likely caused by Khomeini's agents?

Or are you forgetting last year's "strange" explosion in the ELVIEMEK plant where one person was killed?

We call on the Greek authorities to step in immediately. Even though we may not witness another explosion in the ELVIEMEK plant, it is not right to let our country be internationally vilified for manufacturing and selling cluster-type bombs and chemical weapons, thus perpetuating the Iran-Iraq war...

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AUSTRIA

Jankowitsch on Current, Future Ties to EC
36200159 Vienna *EUROPAEISCHE RUNDSCHAU*
in German No 2 Spring 1988 pp 3-14

[Article by Peter Jankowitsch: "Austria and Europe—Social Democratic Principles Regarding the Future Relationship to the EC"]

[Text] The policies redefining Austria's position within the process of European integration and, in particular, its relationship to the EC determine the place Austria will occupy in the years to come, in 21st century Europe. The success or failure of Austria's European policy today will have a decisive impact on Austria's economic, political, cultural and social life in the years to come if for no other reason than that the European integration process has a profound effect on all aspects of social life and not just on the economy.

The industrial, economic and political reconstruction of Europe following the catastrophe of the Second World War has taken place under the banner of European integration. Starting with the Marshall Plan in 1948, Austria has taken part in decisive phases of this development. Much of the progress from which all the peoples of Western Europe benefitted throughout this time would have been unthinkable had it not been for the impulses emanating from the European integration process. New types of European cooperation such as free trade, open frontiers, industrial and technological progress, the attainment of major social rights by labor have all contributed to Europe's present prosperity and its present standing in the world in many fields.

Even prior to conclusion of the State Treaty and its declaration of neutrality Austria had decided to go the way of European integration. As a founding member both of the OEEC and EFTA, Austria was able to play a role in determining the course of the European integration process. In addition to continuing participation in European economic cooperation, the paramount goal of Austria's European policy was to promote an integration process that would include all the democratic nations of Europe, if possible. Following the establishment of the EC, initially boasting a tightly knit membership of only six nations, Austria began building bridges between the EC and EFTA. Throughout these years, a well-balanced mix of bilateral and multilateral instruments of European policy, whose approaches and initiatives were nevertheless carefully tailored to the rhythm of developments within the communities, helped Austrian foreign policy to enhance its role in the European integration process. This is how the first genuine bridge was built linking Austria and the EC. It was accomplished by the Kreisky government 1972 in close coordination with the other members of EFTA. On the basis of a large European free trade area encompassing more than 300 million people, the relationship between Austria and the EC

continued to develop dynamically in the years that followed, without impinging on its economic and political relations with other European nations.

While others merely talked a lot about European integration throughout these years, the Austrian governments led by the Socialists since 1970 were the ones that brought Austria closer to the EC than many a conservative apostle of the European idea had ever thought possible.

The "New" EC of the Eighties—A Challenge for Austria

Despite all the reversals and periods of stagnation, the European integration process has always had a momentum of its own and Austria's European policy has continually had to find ways of coping with this fact. The response, for example, to the establishment of EEC in 1958—based as it was on a "small European" solution—was the establishment of EFTA. But today, Austria and the remaining EFTA members and, last but not least, the European neutrals are confronted with a European Community that is fundamentally different from the EEC of 1958 both in terms of its composition and its magnetism.

That is the reason why Austria cannot respond to the 1988 vintage EC in the same manner as the State Treaty generation did back in 1958 when the communities first appeared on the European political landscape. This applies equally to Austria's economic and political relationship to the communities. Most of all, we must come up with a fresh answer to the question of how Austria's everlasting neutrality can be reconciled with membership in EC.

Transformations Within EC

As the eighties come to an end, it is becoming extremely clear that major changes have taken place within EC. The group of six, dominated by a kind of European mystique symbolized by the rebirth of Charlemagne's Europe, has become a 12-nation community that is a mirror of much of Europe's pluralism and diversity. Today, many political cultures have found a home in EC: the Germans and the French, the Anglo-Saxons, the Scandinavians and the peoples of the Mediterranean, from Athens to Madrid and Lisbon.

The new stage in the development of the communities is characterized not only by the entry of Spain and Portugal (the latter was one of the founding members of EFTA) but also by dynamic efforts aimed at extending integration to new fields, e.g., the environment, science and technology, exchange rates, even to cultural life. Priority, however, is being given to the plan to create a single EC market by 1992. The plan was the focal point of the "Unified European Act" approved in 1985 which was the first time that the original Rome accords were developed onward.

Following this most recent, third, expansion, the "new EC" encompass a market of more than 320 million people, making them more than ever an equal of the U.S. and Japan, the two other great economic powers of the West. The members of the communities not only speak with one voice on world economic issues—partly through the Commission and partly through the rotating Presidency—but also on political matters. One example of the latter are the sanctions which the member states imposed on South Africa in the fall of 1986. Another noteworthy development was the institutionalization of European Political Cooperation (EPC) in the aftermath of the establishment of the common secretariat.

These changes in the communities have led Austria to reassess its relationship to EC. The impetus for this review has mainly come from the SPOe and its representatives in the government and the parliament. The first Vranitzky government transformed these insights into concrete Austrian initiatives on European policy. In political terms, the Austrian initiatives were based on the resolutions approved by the EC and EFTA in April 1984 at Luxembourg which called for a more speedy and comprehensive evolution of intra-European relations.

The international political climate, particularly the beginnings of a new relationship between the core institutions of Western and Eastern integration, holds out hope for a new chapter in Austria's European policy. Old concepts of the enemy, e.g., the East's view of EEC as the "economic counterpart" of NATO—are beginning to break down and a new network of contractual relationships between EC and the nations of East Europe including the Soviet Union is beginning to emerge.

Goals of New Austrian Integration Policy

The most important components of Austria's relationship to EC include the free trade agreement signed in 1972 and a number of agreements in other areas, e.g., on agriculture, which were not covered by that agreement. The Luxembourg declaration added an expression of the political will to intensify cooperation between the members of EC and EFTA in R&D and in matters affecting the environment which go beyond the areas included in the free trade agreement.

It is the initial goal of Austria's integration policy to extend the network of agreements with EC to new fields as well as to update and improve existing agreements, e.g., on agriculture and steel.

An initial success was achieved with the conclusion of a general agreement on cooperation in science and technology which was signed in Brussels on 15 July 1986. It provides above all for equality for Austrian participants in new EC technology programs, e.g., BRITE, ESPRIT, EUREKA among others.

Austria and the European Single Market

In view of the priority assigned to the establishment of a single European market by EC, Austria must also make full participation in that market the priority goal of its EC policy.

FRG Foreign Minister [Hans-Dietrich] Genscher, the EC Council President for the first half of 1988, provided the following overview of the function of the single European market in an address to the European Parliament on 20 January 1988:

"The strength of a market of 320 million consumers must at length be allowed to unfold completely. The present situation amounts to a self-imposed impediment and restraint on the part of EC. The single or internal market calls for efforts which can only be compared with those undertaken during the initial stage of the European Communities. This will be a great test of EC's vitality and capability for renewal.

We must have a new economic dynamism in Europe in order to reduce unemployment and to cope with international economic imbalance.

The single market will provide us with a new potential for economic growth and employment; new opportunities for technological progress and enormous savings for the economies of the EC member nations. The single market is not just a large seller's market. It also means production at the most advantageous production site; improvement of production structures and, perhaps most of all, common efforts to resolve our profound structural problems."

As it goes about creating the single or internal market, the community proposes to concentrate on the following main objectives over the next several months:

"First, the opening up of government procurement markets, especially in the telecommunications field and the service sector; second, the standardization of norms (common acceptance of norms and deregulation are preferable, insofar as full harmonization is not called for); third, common acceptance of university and technical diplomas as these apply to requests for the right to domicile; fourth, unimpeded movement in insurance and financial services; fifth, total liberalization of capital turnover; sixth, creation of a society of European law; seventh, a common patent and brand name agreement. Both are absolutely necessary for the creation of an efficient European technology community and, lastly, the difficult problem of agreeing on a common system of taxation."

Austria's European policy and, even more so, its economic and social policy is faced with the task of paving the way for participation in this single market, i.e., of adapting and preparing the Austrian economy for new types of economic cooperation.

To secure Austria's position in this European internal market of the future will not only involve a lot of bargaining with EC, i.e., multilateral negotiations within the EFTA framework as well as bilateral talks in many instances. The structural reforms Austria will have to undertake in its economic life and even in the social sphere may be of even greater importance.

But there are other goals, above and beyond participation in the single European market, which Austria's new European policy will pursue in seeking to play a significant role in the present process of European integration.

This applies to the technology community in all its aspects which not only includes the EC programs themselves but also the huge EUREKA project and the new opportunities arising out of Austria's recent entry into ESA, the European Space Agency. I am also referring to what might be called the citizen's Europe which guarantees freedom of movement and freedom from discrimination—above all no visa requirements among the members of the emerging vast European internal market area.

The goals I am speaking about also include the equitable distribution of burdens between Austria and EC, particularly as regards the European transit routes, many of which lead through our territory.

They also include Austria's participation in the European Monetary System (EMS) which the communities are proposing to strengthen and expand, culminating in the creation of a European Monetary Union and the establishment of a European Central Bank.

European Integration With or Without EC Membership?

Because of its economic and social priorities and needs, i.e., the modernization of its economy and industry, the preservation and expansion of its social welfare state and its cultural and political openness to the outside world, Austria's path toward European integration is clear.

The question Austria will probably have to face within the very next few years is whether the degree of European integration desired by Austria can be achieved in the absence of EC membership or only through full membership in the communities.

As a sovereign member of the community of nations, Austria cannot and will not rule out such membership. It must remain an available option to which Austria may have recourse depending on the progress of its own integration efforts.

But Austria must also be perfectly clear about the economic and political consequences of such a step. A request for membership in EC can only be submitted once all the consequences have been sufficiently weighed, including the possible reaction to the request on the part of the communities.

Under the circumstances, EC membership as such, i.e., as a formal undertaking, cannot be considered to be the ultimate goal of Austria's European policy but only a conceivable culmination of developments taking place over the next several years.

Economic Consequences of EC Membership

In weighing the economic (and social) consequences of EC membership (which to a large extent would be synonymous to membership in the internal market), we must take the already high level of integration of the Austrian economy with the economies of the EC member states into account. This "integration advantage" enjoyed by Austria is reflected among other things in the Austria-EC trade relationship, i.e., more than two-thirds of Austrian exports go to the EC area while 70 percent of Austria's imports originate there, as well as in Austria's monetary orientation which by now is tantamount to full participation in EMS.

While there would be an impact on industry and small business, especially as regards competition, standardization and the "new freedoms," the strongest impact would no doubt be felt in the field of agriculture. (This would only apply, however, if the efforts to reform the EC agricultural market and EC agricultural market regulations do not succeed. If this were the outcome, the EC regulations might even be modified to conform to those currently in effect in Austria and Switzerland.)

Austria's future relations to the European communities must be viewed from the standpoint of specific Austrian interests to a greater extent than heretofore. These Austrian interests must be the primary yardstick against which our policy toward the communities is measured. In this context, we will also have to examine the question of the extent to which Austria's interests and needs and above all the level of its economic development and its integration into the European and world economy match those of the other neutrals and in particular Switzerland and Sweden.

A merely cursory examination of the differences is likely to show that Switzerland and Sweden have more leeway in working out their relationship to EC than Austria. Thanks to its economic and financial position and its multinational corporations operating throughout Europe and the world, Switzerland is already "integrated" into EC to a degree that Austria can merely dream of. And as for Sweden, cooperation among the nations of northern Europe provides her with a fallback position the likes of which Austria simply does not enjoy.

Austria and "European Political Cooperation"

Austria's future relations with the EC will not merely be depend on the ways in which maximum harmonization between Austria's economic and social policy goals and those of EC can be accomplished, i.e., the extent to

which economic and social policy interests both of Austria as such and its industry can be reconciled with those of the 12-nation community.

The future relationship, including possible full EC membership, will also depend on the extent to which such harmonization can be accomplished in the political realm.

In this context, the point is often made, sometimes in no uncertain terms, that an unbridgeable gap exists between Austrian neutrality on the one hand and the political goals of the community, insofar as these goals can be identified at this time. This argument is based in most instances on the fact that all the current members of EC with the exception of Ireland are also members of NATO, the Western defense alliance, and that both Turkey which recently applied for membership and Norway which is likely to apply sometime soon, also are members of the North Atlantic Treaty Organization.

However, the question of whether Austrian neutrality can be reconciled with Austrian membership in EC or of the extent to which and the context in which Austria might participate in European Political Cooperation cannot be asked exclusively with regard to the security policy orientation, i.e., alliance policy position, of Austria's integration policy partners, since the criterion being applied here is at least initially but a formal one.

At no time did Austria or other neutrals approach the question of membership in other international organizations from the merely formal standpoint of whether the organization Austria intended to join also included nations which belonged to one of the two large pact systems. This applies to Austrian membership in the Council of Europe which includes all the European NATO member states—and to EFTA as well. From the time EFTA was established in which Great Britain, a NATO member, played a leading role, Austria collaborated with all the other members of the organization whether they belonged to NATO or not. (Even today, EFTA still lists two NATO countries, i.e., Iceland and Norway, among its members.)

To be sure, this question takes on more importance in the case of an organization such as the EC, which not only exerts far greater influence on economic policy than EFTA but also aims for coordination in political matters (far beyond the goals and possibilities of the Council of Europe).

The most important indicator for reconciling Austrian neutrality with European Political Cooperation is the question of substance, however, i.e., how the role and function of Austrian neutrality in present-day Europe can be reconciled with the political goals of those other European democracies which have joined together in EC in various forms of political cooperation.

There are some preliminary questions which need to be resolved in this context with regard to the political goals the present EC membership means to pursue within the framework of the organization. It also calls for a careful review of its original pretensions as enunciated in the Treaty of Rome 30 years ago and present-day realities.

Another important preliminary question concerns the intent or potential of the EC members to deal with defense policy issues with regard to which Austria, as a neutral, must observe certain special rules of behavior.

The EC and the Western Pact Systems

A perfectly unequivocal response can be made to this particular preliminary question. The fact is that the EC membership has not used the European Political Cooperation mechanism, as expanded under the Unified European Act, to deal with common defense policy issues. All of the members have consistently made it clear that they prefer to deal with defense policy issues (particularly regarding their collaboration with the U.S., the West's premier political and military power, within the framework of NATO. Other than that, their cooperation on defense policy matters has been conducted along bilateral lines at least insofar as it concerns the nations of Europe (especially between France and the FRG) and along multilateral lines within the framework of the West European Union (with its headquarters in London) to which those EC states belong (i.e., the FRG, France, Italy and the Benelux countries) which have a special interest in European military cooperation.

In spite of certain hints originating in EC Commission circles from time to time, there is no real reason to expect the EC to develop into a forum for cooperation on defense policy between the nations of Europe at some future date. Aside from the EC *modus operandi* thus far, a number of other factors also speak against such an expansion of the political role of the communities—most of all perhaps the unequivocal position of France, the most powerful nation militarily because of its independent nuclear strike force.

As France's policy vis-a-vis NATO shows (i.e., its withdrawal from the military arm of the organization), the French security doctrine is based on a maximum of national sovereignty which means that the most important function of the "force de frappe" is to defend France's own soil and/or its population. Just as France does not seem inclined to subordinate its conventional and nuclear forces to the existing multilateral NATO command, it is not likely to be willing to subordinate its defense policy concerns (which include overseas interests which are not in accord with those of other EC members) to a military policy directorate in Brussels.

But it is not only France whose policies have demonstrated time and again that it is willing to collaborate with NATO on defense policy only with certain reservations and as long as its major national interests are respected.

Some of the smaller NATO and EC members, such as Denmark and Greece, have taken the same position. There is good reason to doubt therefore that the EC member states are politically willing and able at this time to subordinate their particular defense policies to transnational, EC-coordinated constraints beyond those agreed to under the NATO charter.

Some efforts to expand an indigenous European defense system, independent of U.S. control and possibly involving the ultimate relinquishment of the American nuclear umbrella, are to be taken seriously and in fact do seem realistic, i.e., particularly those which are emerging today outside the far too broad framework of the European Communities. This applies especially to the unfolding military collaboration between the FRG and France. Its future development, however, will depend on the one hand on whether the FRG is prepared to make concessions to France in economic and monetary policy (e.g., relinquishment of DM monetary policy hegemony in favor of a future European monetary system, also supported by France) in exchange for some influence on French defense policy (e.g., extension of the French nuclear umbrella to the territory of the FRG). On the other hand, both the FRG and France must already prepare themselves for the opposition of other major EC members (Great Britain and to some extent Italy) to their desire to build a Paris-Bonn defense policy axis to the exclusion of other West European democracies.

Thus, the defense policy aspect does not constitute an obstacle to possible Austrian participation in the European Political Cooperation mechanism. But this leaves the question of whether there are significant differences between the foreign policies of those West European democracies which already belong to EC and Austrian foreign policy which has unfolded on the basis of the State Treaty and the declaration of everlasting neutrality.

In this connection, a prefatory remark should be made regarding the role and function of Austria and its neutrality in present-day Europe.

Without a doubt [Austria's] international status represents a significant and inalienable component of the peaceful order in Europe today. Its acceptance (as well as the conclusion of the state treaty made possible thereby) is inextricably linked to a decisive stage in European postwar history, i.e., the end of the Cold War and the start of a new period of detente.

It is therefore not just in the Austrian interest but in that of all the nations of Europe, East and West, to strengthen and maintain the role and function of this status of neutrality, which has proved its worth as an element of detente and reconciliation in Europe over the past 35 years.

In its future relationship with EC (as in other areas), Austria must therefore take pains not only to maintain its status of everlasting neutrality but to keep it functioning. This is another way of saying that even if it joins EC, Austria will be able to continue pursuing a policy which corresponds to its own fundamental perception of neutrality, particularly with regard to the relations between East and West.

The answer to this question will depend to a large extent on the kind of policies other West European nations adopt vis-a-vis the East, i.e., how different or how similar their approaches will be to the policies pursued by Austria.

In this context it is worth noting that significant aspects of detente were supported and/or developed by major members of the community over the past several years and decades. This is not only true of the FRG's "Ostpolitik," which still is one of the main components of West German foreign policy and which, among other things, has laid the foundation for a special relationship between the two German states but also for the policy of detente which not only Gaullist France adopted vis-a-vis the East.

It is this policy, among other things, which has brought about a change in the attitude of the Soviet Union and its East European allies toward EC. The USSR has come to realize that EC is by no means the "economic counterpart" of NATO (which is the devilish role that Moscow assigned to it for many years) but not only an independent part of the Western world in terms of international economic relations but also in terms of world politics (or at least European political life) and that it has always managed to maintain good relations with Eastern Europe even during periods of serious tension between the two major world powers, i.e., the U.S. and USSR.

The imminent establishment of multilateral relations between EC and CEMA and of bilateral relations between all CEMA member states (including the USSR) and the EC Commission opens up an entirely new relationship between the primary, central integrated community of the Western world and Eastern Europe. If this trend continues and detente in Europe enters an entirely new stage, a country like Austria with its special expertise in dealing with the East would be able to play an important role in this rapprochement between the EC and CEMA. This role which conforms to a large extent to the political goals of other EC member nations could subsequently be played by Austria inside the EC, thereby enriching the political resources of the communities in a creative manner.

As in the past, different shadings in the policies of EC members toward the nations of Eastern Europe may well surface. Under such conditions, the other EC members would have to respect the special nature of Austria's relationship to the countries of Eastern Europe. This applies to the Austrian policy of not requiring visas of

the citizens of its Eastern neighbors, for example, which must be viewed as an indispensable part of Austria's good neighbor policy which, if anything, ought to be broadened.

Another point worth considering is that greater Austrian participation in the European integration process would have a salutary effect, among other things, on Austria's economic relations with East Europe. These discrepancies, such as they are, would have to be resolved in future negotiations between the EC and Austria on the specifics of political cooperation. Any such negotiations should take place as soon as possible, in tandem with other talks more immediately related to the economic relationship between Austria and the European Communities.

The "integration" of Austrian neutrality and the role it plays in contemporary Europe into the EC system might be effected in various ways. The "neutrality proviso" has frequently been cited in this context. The latter is not an especially apt term in that it refers to its purely defensive orientation. At any rate, the "proviso" should not assume a central role in any such endeavor.

Preferably, Austria should submit a kind of political proposal to the EC regarding new forms of European Political Cooperation in which the potential available to Austria might specifically unfold.

It would seem that there is room in the EC (already today) for such a potential to which the communities might specifically resort in the East-West context.

Austria, the EC, and the Relations to the Third World

One important goal of European Political Cooperation, as practiced by the EC member states today, is to coordinate the policies of the nations of Western Europe with regard to developments outside the continent of Europe. At this time, the EC is consistently speaking for all of democratic Europe both multilaterally within the framework of the United Nations and in the development of a dialogue with individual regions of the world.

There are even fewer obstacles standing in the way of Austrian participation in this sector of European Political Cooperation than in the more sensible area of East-West relations.

Already today, Austrian policy agrees to a large extent with that of other West European nations (and especially that of EC members) toward the nations of the Third World. This is not only due to the fact that these policies are based on the same or similar principles, e.g., the recognition of the right of self-determination, the protection of human rights and basic freedoms and aloofness with regard to the hegemonial pretensions of the big powers. In the past, too, as European policies vis-a-vis the Third World were elaborated, Austria emerged not only as a beneficiary but also as a donor nation. In the

Kreisky era, for example, Austria made major contributions to the formulation of Near East policies (including those of the EC). The declarations of the 1980 Venice summit which stressed the paramount importance of the Palestinian question for a peaceful solution of the Near East problem clearly bore the stamp of the Austrian foreign policy of the time.

As of today, many aspects of the policies of the EC member states and/or the communities themselves vis-a-vis the Near East, Central America, South Africa and Southeast Asia coincide with Austrian foreign policy in these areas of the world. This conformity found expression for the first time ever in October 1986 when Austria imposed sanctions on the South African regime identical to those imposed by the EC. This decision by the Austrian government may be viewed as a first act of European Political Cooperation on Austria's part.

The Limits of Political Cooperation

Very likely it will continue to be in Austria's interest in the future (if for no other reason than that the EC consistently speak in the name of Europe vis-a-vis the outside world) to perform additional acts of European political cooperation and/or to participate more and more actively in the work of European Political Cooperation.

Such participation will also made be easier because the European Political Cooperation secretariat is separate organizationally and in terms of location from the Commission which deals with these matters under the EC constitution. For another thing, the head of this secretariat is not an official of the Commission but a diplomatic functionary named to this job by the member states.

The above clearly demonstrates that the limits to political cooperation between Austria and the EC are fluid and that they contain a large potential of possibilities. Limits in the true sense of the word would only arise in those instances in which political cooperation with the EC no longer permitted Austria to take advantage of its neutral status and/or confronted Austria with decisions which ran directly counter to the precepts of its everlasting neutrality.

Based on the past history of the EC, there is little reason to believe that Austria will be confronted with such an eventuality anytime soon. It is more likely, in fact, that Austria might succeed, as a member of the EC, in earning the respect and understanding for the role which is entrusted to it in the interest of peace in Europe and a lasting detente policy, particularly in its region of Europe.

BELGIUM

Distrigaz To Review Natural-Gas Contracts

36190007 Brussels LE SOIR in French 18 May 88 p 5

[Article by Martine Vanden Driessche]

[Text] Distrigaz sales are declining. The reason is the system for determining gas prices, which allowed them to drop by 24 percent in 1987. But the year as a whole was no worse than the previous one. Having said this, 1988 should be a decisive year. Arbitration proceedings in the dispute with the Algerian company Sonatrach have been resumed, and a solution could be found before the end of the year.

Total sales for the 1987 fiscal year were 44.48 billion, reflecting the continuing decline of natural gas prices, which, as we know, is indexed on oil prices. The cash flow amounted to 2 billion and profits to 288 million, all of which was used to increase equity capital, as last year.

But 1987 was generally better than the preceding one, according to Distrigaz executives, since the sales figures show that even though 1984-85 levels were not attained, a certain upward movement did begin. The total sales volume increased by 11.5 percent over 1986. This can be attributed to rigorous weather conditions and an upswing in sales to so-called interruptible customers who were using oil products earlier. But aside from these sales which went up by about 40 percent, mention must also be made of sales to power stations, which agreed to absorb the surplus resulting primarily from the sizeable Algerian imports.

In this regard, 1988 should be a decisive year: you will recall that the temporary agreement concluded between Sonatrach and Distrigaz lapsed on 30 April 1987 and that since then, Distrigaz has unilaterally applied the same terms as under this agreement, while arbitration proceedings were being conducted. "We cannot prejudge what is going to happen, we are in a crucial period," Distrigaz Vice-President Michel Van Hecke explained, "but we hope to reach an agreement with Sonatrach in the next 6 months."

The fact that Belgium once again has a government should also facilitate things. And what is more, Willy Claes is head of the Department of Economic Affairs. He is, in fact, the one who renegotiated the initial contract in 1981 and managed to revise prices and obtain a longer supply period, since neither Algeria nor Belgium were willing to convey LNG at that time. But the minister of economic affairs established good contacts with the Algerians and the Algerian leaders' regard for him and Distrigaz President Jacques van der Schueren should certainly facilitate things. His intervention with the Algerians was even evoked at the beginning of the winter, without any politics being involved.

Renegotiation of the Algerian contract, however, is not the only concern of Distrigaz, which is also involved in negotiations with the Gasunie Dutch, whose new contract is supposed to be retroactive to 1 October 1987.

Finally, Distrigaz, which is of course preparing for 1992 [when the EC is scheduled to have a complete internal market], is defending harmonization of tax systems, which would involve an additional tax for its main rival, fuel oil. But for how long?—they are still at the stage of pious wishes.

Still looking towards 1992, Belgium is reinforcing its position as the pivotal point for Europe, since it is now confirmed that Zeepipe will be operating. This is an underwater pipeline that will link the Sleipner deposits with Zeebrugge beginning in 1993 and the much larger Troll deposits with Zeebrugge as of 1996. It is from Zeebrugge that Norwegian gas will supply not only Belgium, but also France and Spain, and maybe even Germany, Austria and Italy.

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DENMARK

Business Magazine Views Parliament's Economic Agenda

36130075 Copenhagen BORSENS NYHEDSMAGASIN (Special Issue) in Danish Jun 88 pp 13, 14

[Article by Egil Evert: "Hurrah for Summer Vacation"; first paragraph is BORSENS NYHEDSMAGASIN introduction]

[Text] For once there is no reason to begrudge the politicians their long summer vacation. They—and the country—more than ever can use a pause for reflection far from Christiansborg.

When Speaker of the Folketing Svend Jakobsen in a couple of weeks sends himself and his 178 colleagues out on their long summer vacation, the event will presumably be received more warmly than usual.

After a long political season with a surprising election that had anything but a surprising outcome—perhaps apart from the formation of the new government—everyone needs to collect one's thoughts.

The voters, who after two elections in 8 months, appear to have had quite enough of politics—especially since there really is a question whether they now have something new. The politicians, because twice in a short period of time they have caused the voters to stir things up in a new way. The parties, because they must now largely consider new roles. The government, because it now perhaps will have the same people in the three most important posts as before the election—but it is shaped by a new political alliance, and as many as 10 ministries will therefore have new political heads.

At Christiansborg these days one can hear Conservative Folketing members say that it is as though "the ghost of 1982" has been resurrected. And that the formation of a new KVR [Conservative-Liberal-Radical Liberal] government has in itself been an injection of vitamins. In any case, it has been an indication that Prime Minister Poul Schluter has for a moment been able to resurrect his ability as an optimistic parliamentary whip. But to speak of "the ghost of 1982" is still more rhetoric than reality when one remembers how that special ghost's purpose was to create a decisively more liberal Denmark, with lower taxes and a trimmed public sector.

And one would not have to travel far in the circles around Christiansborg to discover that most people believe that there are more minus than plus factors in the formation of the government:

Cooperation With Radical Liberals Causing Concern Among Conservatives

The Conservatives can perhaps be pleased that Poul Schluter was allowed by decree to retain the prestigious post of prime minister. It has been a long time since Schluter set the record as the prime minister who has served the longest since World War II, and it must also be considered a plus factor for the party that a rather solid generation shift is taking place—apparently without any major discord. Calm and happy people such as Henning Dyremose, Hans Engell, Kent Kirk and Connie Hedegaard are falling in line behind Schluter and his number two, Palle Simonsen. Herein could be the embryo of a serious minus in the party, when it is noted that Poul Schluter is beginning to resemble Anker Jorgensen in that he is gradually acquiring a substantial number of pensioned and passed-over individuals in his group.

So far, however, the Conservative MPs have proved to be especially obedient soldiers. There is somewhat more concern, especially among the older Conservatives, who are having extreme difficulty in reconciling themselves to cooperating with the Radical Liberals on such issues as defense. They remember with horror, justly or not, the KVR government (1968-71) which did not close Christiania, which gave the universities a destructive administrative law, which liberated pornography and increased taxes. They are amazed at how Poul Schluter, who with 10 seats in 1975 was ready to quit politics, managed to avoid being unseated—but they also note that after two elections he has lost votes. It is a long way from Poul Schluter to Ronald Reagan and Margaret Thatcher, and it is a long way from Palle Simonsen's intention to cut 10,000 jobs in the public sector to Mogens's calculations of 400,000 too many!

The Liberal Party, a partner in government, can be pleased that Uffe Ellemann-Jensen, for the first time as party leader has been able to "sell several tickets" (plus three seats), and furthermore that there will perhaps be calm over security policy, which caused so many defeats

in the Folketing. And which also made the party leader's body language into one of the most discussed phenomena of Christiansborg. The Liberal Party also has more calm in its Folketing group than for a long time, nourished by the expectation that the coming year will see votes drawn from both the Conservative and the Progress Parties. These days one can hear Liberal Party members using biting sarcasm when reading from the new government's memoranda, and that is naturally tied to fear of what it will mean to shape environmental policy, for example, with the Radical Liberals. And there are problems connected with making a defense minister available to a government with Radical Liberal participation.

Hardly Any Party Has More Problems Than the Radical Liberal

Radical Liberal Niels Helveg Petersen tried hard to become a new Hilmar Baunsgaard, savior and redeemer who would give Denmark an intelligent government of the middle. It cannot be claimed that his message was warmly received by the voters or the parties, and hardly any party in the Folketing today has more problems than the Radical Liberal Party. It is becoming an unbelievable amount of work for 10 people to take care of five ministries, and protect the party's profile, and small parties usually are not rewarded by the voters for taking an active part of the responsibility. The unhappy body of Radical Liberal voters is also especially critical. Before the election Helveg Petersen said that a new government should not be formed before there was an agreement on the policy for the coming year, but everything indicates that in reality this policy is just now beginning to be created.

There are also significant problems for the two dismissed government parties, the Center Democrats and the Christian People's Party. The Center Democrats will perhaps again have a possibility of establishing their own positions on cars and houses, but are hurt by Erhard Jakobsen's current preoccupation with Europe, and by Mimi Jakobsen being apparently more concerned with her new, fortunate private life than with politics. The Christian People's Party can also again establish special positions, but the question here is whether the party has really slipped to the bottom. The two parties have been brought to a kind of political vacuum, despite a number of consolation prizes in the form of committee chairmanships.

The Progress Party had a surprisingly good election, and the snooty terrier Pia Kjaersgaard now seriously seems to have replaced the founder, Mogens Glistrup, as the leader of the party. She will obviously be able to score many points by talking about "a little disheveled government," but will hardly make the party much more housebroken than before. The danger for the Progress Party is exactly the same as for the Socialist People's Party: How long will their voters be satisfied with being merely protest votes?

Social Democratic Becoming the Most Groggy Party

Normally it is the Radical Liberals who are accused of not being able to make up their minds. But it has gradually become a question of whether the Social Democrats have taken over the role of the most groggy party in the Folketing. The party has considerable difficulty choosing between a labor majority and broad cooperation. Soon it will be 6 years since the party has been in power, and not even a generation shift, access to significant campaign resources and a program entitled "Denmark for all the people" have been able to end the stagnation.

The new leader, Svend Auken, has about 60,000 votes fewer than Anker Jorgensen's party had, and Auken's credibility received a new shot across the bow in the election campaign. It was hardly the Auken, who as recently as the opening debate last week when he quoted Karl Marx, who is now clinking glasses in warm cooperation with the Radical Liberals. Icy cold Ritt Bjerregaard has a firm grasp on the party's policies, and the former director of the Wage Earners' Cost of Living Fund, Poul Nyrup Rasmussen, who has been the subject of many hopes, looks at present as though he already has regrets that he left the influential and much better-paid job at LD.

The Socialist People's Party appears also—for the first time in many years—to have more problems than possibilities. After a narrow election victory came an unexpected defeat (loss of three seats), although the party presumably will now absorb the last strength of all the small leftwing parties. The story from Alborg, where Socialist People's Party alderman Kirsten Hein was accused of dressing in too neat clothes, illustrates rather clearly the petty bourgeois nature of the party when it comes to dealing with people.

So there are many places which can be used for good internal deliberation during the long summer vacation—far from Christiansborg.

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FEDERAL REPUBLIC OF GERMANY

Ford CEO on Future of Auto Industry in ECM
36200168 Bonn RHEINISCHER MERKUR in German
20 May 88 p 12

[Interview with Ford Werke AG CEO Daniel Goeudevert, a 46-year-old Frenchman of Flemish extraction, by Margarita Chiari and Theo Moench-Tegeder: "Dangerous Inclination Toward Nationalism. A Conversation With Ford Werke AG Board Chief Daniel Goeudevert on the Future of the Automobile Industry in the European Domestic Market"]

[Text]

[Question] Mr Goeudevert, the German auto industry continues to perform very well and yet shows a remarkable pessimism. Sales figures are better than was expected 6 months ago. Will this continue?

[Answer] For a good 10 years now production and sales in the automobile industry have moved in cycles because we're operating in saturated markets. Replacements make up 90 percent of our business, winning new customers is of secondary importance by comparison. A distinct drop in demand was expected for 1988 after the very good years of 1984-87. In Germany, you see, we have a special situation, the decreasing tax relief for new vehicles with pollution controls. Tax relief was higher at the end of 1986, lower at the end of 1987, and at the end of this year there will hardly be any. That's why we believed the last big push would come at the end of 1987. It came and so we expected a decline for 1988; but that didn't come. The reason for that is inexplicable. That's why you generally hear sounds of uncertainty right now in the automobile industry.

[Question] But yet our consumer economic situation will continue to be very satisfactory for the foreseeable future. Shouldn't that make you more optimistic?

[Answer] Yes, growth in the FRG continues to be fairly good. Growth of 1.5-2.5 percent—that's not outstanding but it does keep demand up. Disposable income rose by 4.8 percent in 1987 and will probably rise by 5.6 percent this year. That puts about DM10 billion into the consumer economy. For an average family in the FRG, that's DM80-100 more a month.

But something else has changed too: since 1985 the savings rate has dropped from the 13 percent it had averaged for years to 11 percent. One percent in the savings rate means about DM20 billion. So that money isn't going into savings accounts, it's being spent on vacations or on buying cars, which is what interests us.

Those are the facts you have to add up but it still isn't a really satisfactory explanation. Given the experience of the last 10 years, it isn't normal for sales to stay at such a high level.

[Question] When domestic business drops off, there are always exports....

[Answer] Overall the automobile industry exports about 60 percent, for Ford it's actually around 70 percent. The big markets in Europe—France, Spain, Italy, and Britain—are booming. They're buying more cars than ever before. And I have to repeat myself here: Those are the facts but they don't provide any clear explanation. Caution is in order, precisely because the facts can be contradictory and unclear. I imagine the French hurried to make purchases before the elections. The boom in Spain was set off by entry into the EC and probably will

continue. I've only got very inadequate explanations for the boom in Italy. As for the British economy, I can only say that right now it's tremendously agile and healthy.

[Question] Still, compared to the U.S. and Japan, the European auto industry's fears are remarkable. Why? What's the difference?

[Answer] Many manufacturers in the automobile industry have overcapacity problems. Competition has definitely gotten tougher; the battle for customers is getting more and more aggressive. The way we sell products today can't be compared to what was normal in the 1970's. Not only do manufacturers offer a vast number of variations within the individual makes, they also offer the customer favorable financing—leasing systems, special interest rates. This makes for a very uncertain situation for the automobile industry. Customers are buying—but for how long? At some point they'll have to make those payments.

[Question] And why are the Japanese and Americans acting so much more confident than the Germans?

[Answer] You're right, the Americans have more reason to be cautious than we do—they're in a stagnation phase. Everyone knows that the new administration will probably have to drop Reaganomics and apply new finance and economic techniques, which will probably lead to a drop in income growth.

The Japanese in turn have a problem with America—because the yen-dollar exchange rate has deteriorated badly for the Japanese. That's not true, however, of the yen and the D-Mark. That means that the Japanese are I would almost say forced to sell more and more in the FRG. Naturally industry here is aware of that as well.

The Japanese were badly hurt by the Plaza Agreement on a new dollar-yen parity—it cut their yield on capital by almost 60 percent at a single blow. But they immediately took countermeasures: they ran down production, stopped hiring, increased productivity by 7 percent, reduced costs by 20 percent, and demanded 15-20 percent price cuts from their suppliers almost overnight. Now they're in good shape again. This flexibility is admirable of course.

[Question] What will happen with the pressure from Japan in 1992 when the European domestic market is supposed to be truly united?

[Answer] More and more we're hearing that the Japanese only need to export their products here from America to avoid a trade war with Europe. Honda is already applying this strategy and is even exporting from the U.S. to Japan.

I recently heard a speech in America where the speaker said this: the four horsemen of the apocalypse are among us with their seven evils. Our industry has an overcapacity problem, offers too wide a range of products, and has a problem with too-large inventories. That forces us to cut prices to the customer more than is wise. It also leads to a loss of loyalty on the part of the customer, to less and less profitability in the industry, and finally to mergers, which of course are not necessarily always desirable in the final analysis—from the customer's point of view.

The speaker was talking about situation of the airlines but I thought to myself that he could just as well have been talking about us or the steel industry. Unfortunately, we see these evils in a considerable number of industries in the world.

This shows the complexity of competitiveness in the world market, it's not a problem specific to the automobile industry. The world market today is so interconnected from continent to continent that these evils cannot help but have negative consequences in certain countries—even when they are as strong as Germany—if we do not react properly.

[Question] Then how do you see the Germans' position in the competition scenario you've just described? Are there mergers in our future?

[Answer] In my opinion, the German automobile industry—like German business in general—has a tendency today to believe that the position of strength we've built up over the decades is an enormous one. We aren't aware enough that other countries and economic areas have made great progress. Our lead is getting smaller and smaller because increases are harder to achieve at our level. Take improvements in productivity and quality: the British, Italians, French, and Americans can make greater progress there because they started at a lower level. Those final increments in increased productivity are far harder for us to achieve.

I think that in view of our companies' strength in productivity, in quality, and in financial strength, it would be wise for us to orient ourselves far more toward the outside and to take advantage of our strength there by entering into joint ventures. I see only one way to master one of the greatest challenges of the future: we have help to strengthen one another in Europe. My impression, however, is that this isn't the typical style of a German company.

[Question] In other words, forming an interconnected network of companies?

[Answer] You have to view the whole against the background of worldwide overcapacity. Every analysis confirms that we have an overcapacity of 20 percent. In 1987, 46 million vehicles were produced worldwide—33

million cars and 13 million trucks. True demand, however, is only about 41-42 million. We already know that in 1990/91 total capacity will rise to 51-52 million, but demand will probably remain relatively stable.

By early 1990 Korea will no longer be producing 1 million cars, it will possibly be 3 million. Taiwan is coming up, Singapore too. And who knows what South America will be putting on the market or how production will develop in the East Bloc?

[Question] But the movement toward cooperation and joint ventures is already underway....

[Answer] Certainly. The Ford-Volkswagen joint venture in South America isn't doing badly for instance. Furthermore, we're part of an American consortium that's talking with the Soviet Union. A few days ago I also heard that Volkswagen also has plans in the Soviet Union, and of course Fiat has been active in the East Bloc for years.

[Question] That also offers opportunities for sales....

[Answer] That's how we see it but they have other problems over there—they need foreign exchange. And in that case exports can take priority over meeting their own needs. I believe that Lada already exports more cars than it sells in the East Bloc.

[Question] Right now we're the world champions in auto exports, after the Japanese. Why shouldn't we be able to make the switch from exporter to joint venture partner just like the Japanese did?

[Answer] The Japanese are far more flexible than we are. Interestingly enough, they started looking for joint ventures just when they were the strongest. But they didn't act like a sumo wrestler who says, "I'm so strong nobody can throw me." They went to tremendous lengths to sign cooperative agreements as fast as possible.

It's very dangerous for us to always point out that we're the strongest exporting nation in the world. We mustn't forget that out of the 60 percent we export, over 90 percent remains in Europe. And we're so strong here only because many countries in Europe have put restrictions on the Japanese. Imagine that tomorrow France, Italy, Spain, and Britain were to say that the Japanese can import without restrictions. We know that the Japanese makes' "natural" share in Europe would be about 10 percent. And we know from our own experience in Germany that the ones who would suffer first from opening up the market to the Japanese like that would be the other importers, not the domestic manufacturers. When the Japanese conquered the German market, it was Renault, Peugeot, Fiat, etc. who felt it first.

In other words, if something of that sort suddenly happened in Italy or France for political reasons, it would hit German export makes first. That's not a

pleasant prospect. But with the cost differential we have today compared to Japan, we can't remain competitive. An intermediate car produced in Germany still costs up to \$1,000 more than if it had been made in Japan.

[Question] The production of small and intermediate cars is already being moved to countries like Spain, isn't it?

[Answer] You've got to do that if you want to stay competitive in these markets. Naturally, that's truer of the smaller models than of the big ones.

[Question] What concrete problems will the German automobile industry face in 1992?

[Answer] It still isn't clear today how the European domestic market will behave toward the Japanese. The next major problem area is definitely tax harmonization. We're making progress with the value-added tax but that necessarily means for us that ours will have to go up. Depending on how these things are settled, it could end up stabilizing or destabilizing our business. Another necessity is standards harmonization. We, Ford in Germany, build 200 different variants per model just for the European countries. That's enormously expensive.

[Question] In France the European domestic market was a major issue in the election. In Great Britain a big advertising campaign is underway, financed by the Economics Department. Are the Germans preparing adequately for 1992?

[Answer] Unfortunately there's great uncertainty. Everybody realizes subconsciously that it's got to be a good thing when we're all together. But if it's not implemented rigorously, if the politicians don't set a good example, then I fear that the effort at harmonization in the EC will only take us back to certain local nationalisms. Under the motto, "You're the losers, we're the winners."

Take for instance the slogan that Jacques Chirac used during the presidential campaign: "France has to win in 1992!" That means not Germany, not Italy, not Britain. He thought he could motivate the French with that but he was also promoting a very different idea, roughly, "If we don't win, we're the losers."

That's dangerous: if, when we really ought to be working for harmonization in the EC, the feeling arises that the others are getting stronger and we're losing, that could lead to an overreaction among certain politicians and voters. They could say, "No, we'll postpone the date."

[Question] Do you see a trend toward an anti-European nationalism in Germany as well?

[Answer] Two examples. I think it's sad that we in the FRG are developing two new high-speed train systems even though France has long had a competitive and proven system in service.

A second example: as long as all the German TV networks concentrate exclusively on the elections in Schleswig-Holstein and hardly mention the French election, which is far more important for Europe, we've got a long way to go yet. As a Frenchman I'd add that I'd also like to have seen a program on French television on Schleswig-Holstein, because that affects Europe too.

But for now there's something else that's struck me: because European unification is faltering, individual regions are trying to come together regardless of grand policy. The Baden-Wuerttembergers for instance. They don't just look to Bavaria any more, they've already got their eyes on France. Lothar Spaeth's Land is now making international agreements. The second one who'll do that, in my opinion, is Oskar Lafontaine in the Saarland. Or take Spain. The Catalans currently play a far larger role in economic talks than the Spanish state itself. They're even going beyond the EC: Catalonia is talking with Switzerland. It's very interesting to see local developments starting up within countries; but there's no grand policy, no coherence.

[Question] No less important in our opinion is what happens at the company level. Some things are happening there too.

[Answer] Yes. One example is a development that I call the De Benedetti Syndrome: it's not important whether he won or lost the takeover battle for the Societe Generale de Belgique. What's important is that he tried. Actually this step should have come from Germany. The Germans normally ought to have been in a better position in such a buy-up than the Italians. It shows, though, that in Italy the will to think European is there.

[Question] Ford Werke AG is part of an American group. How is that group adjusting to the situation?

[Answer] That's what fascinated me so much about Henry Ford II when he was still alive. He had a totally different view of Europe than is usual here. For him Europe was always just a single entity. That's why of all the European automobile companies, Ford is the most European. Apparently you have to be an American to see Europe that way. To exaggerate a bit, some Americans claim not to know that different languages are spoken here; they just see the 320 million consumers.

[Question] Do you see that as a strategic advantage?

[Answer] Yes. We and Renault, for instance, were the first to open a plant in Spain. As far as I know, there's no German manufacturer who's considered building a plant in France, but Ford is in Bordeaux.

[Question] Are you worried that Chrysler is returning to Europe?

[Answer] Every new manufacturer is a new competitor. The question is whether this commitment is worthwhile for Chrysler itself. As long as the dollar-Mark exchange rate remains what it is now, it may make sense. But what happens if the dollar goes up again? To that extent the deal depends very heavily on the foreign exchange rate—and as a manager I feel that an investment based on that is certainly not very stable.

Still, if Chrysler sells 10,000 cars, that's 10,000 less for the others. And the manufacturers' profit situation today isn't so good that you can take that lightly.

[Question] What changes do you see coming in the automobile groups?

[Answer] I can only speak for Ford. We've got to adjust to the world market situation and that will be reflected in the structure of the group. Europe, America, Asia—that's how Ford intends to structure itself worldwide. Within this triangle we'll always seek out the location that's best suited for developing a product for the world market. Right now, for instance, talks are underway about the parent company giving us the assignment of developing an intermediate automobile because we in Europe have the greatest experience in this segment.

That opens new dimensions too. With automobiles we always think about Europe, America, Japan. But that's just 800 million people. The world, however, will soon have 6 billion people, the three big automobile markets cover only one-sixth of the world's population. We've got to change our spots and think about the markets that offer a real chance for growth. That means rethinking, they call for different products. We've still got rich employment opportunities there if we're flexible.

12593

Bavaria Seen as Vital Center for Hi-Tech Industries

36200173 Bonn RHEINISCHER MERKUR/CHRIST
UND WELT in German 27 May 88 p 34

[Article by Hans-Joachim Hofman: "Mix Brings Success"]

[Text] "The secret of why the South of the FRG is economically so much more successful than the North probably lies in the ministerial outer office," conjectures Ron T. Webber, boss of Webber Inc. of Houston, Texas. The boss of over 4,000 highly qualified computer specialists in the U.S. is planning to establish a branch in Germany. To see exactly where he should put his initial investment capacity of about \$200 million, he traveled throughout the FRG for 3 weeks and made appointments at the economics ministries of the individual Laender.

Webber: "In the northern Laender it was an honor to be allowed into the building at all. And then subordinate officials only wanted to read to me from their four-color brochures. In Munich you immediately get an appointment with Mr Jaumann. He sat down with you over a glass of beer and some white wurst and there is no wish that he would not read right from your eyes."

Chip, chip, hurra! Webber Inc. has made a decision. The new location in Europe will likely be in the greater Munich area. Some 250 local hi-tech firms will get their 251st competitor—but competition stimulates business. That too, and especially in Bavaria. Of course, white wurst and beer along with a ministerial chat are not the main reason why the former North-South-dichotomy has turned into the South-North-dichotomy, a term coined and made meaningful by Anton Jaumann. But round about Munich they traditionally get large and small investments going with a pleasant, human touch.

The agility and unwavering research drive of Bavarian firms have prodded the entire West German technology industry into emulating them—in Bavaria, the new, undisputed German Silicon Valley. Meanwhile, some 250 companies of the microelectronics industry have accepted the challenge and established themselves in the outlying regions around the Bavarian capital. Known and respected worldwide, logos such as TeKaDe, Fairchild, Nixdorf, Motorola, Digital Equipment, Texas Instruments, Philips, Hitachi and others glitter self-confidently from company signs, bespeaking unit sales and profits. All of them represent just about 75 percent of all the sales in the area of high technology which are made in the FRG.

Just under 20,000 new jobs have been created in Bavaria in the area of these new technologies alone in the past years. That has an impressive effect on the general unemployment statistics. According to the Bremen Committee for Economic Research some years ago, "the northern Laender have deviated 20 percent upward from the national unemployment average, and the South has fallen 20 percent below it." Thus, the gap between them amounts to some 40 percent.

No wonder. In no other Land are there so many firms and institutes of international standing and internationally acclaimed products in the field of rising technologies and applied sciences as there are around Munich. In no other Land—not even in Lothar Spaeth's traditionally intellectually fussy little Land—Baden-Wuerttemberg—is there even close to such a flood of trend-setting and commercially exploitable research results.

MTU Motor and Turbine Union: In the entire world there is not a single power plant sold for civilian purposes in which MTU is not involved by at least 10 percent.

Messerschmitt-Boelkow-Blohm: Nothing flies internationally in the skies today without MBB—be it the Tornado as an unlimited superweapon, the export hit Airbus with its almost total spectrum of aircraft offerings, or the space technology field, as evidenced in various satellites and space stations. Meanwhile, the U.S. aircraft industry, which has acted almost as a monopoly up to now, has recognized that fact and is conducting serious discussions aimed at cooperation.

Krauss-Maffei: With its Leopard II the armorer has come up with a hit which has military men all over the world wiping their sweaty hands on their uniform trousers whenever Leo appears on the horizon. That other tanks are internationally still a subject for discussion at all has to do with the insufficient availability of the Leo as a result of the West German Arms Control Law, not with insufficient competitiveness.

M.A.N.: With its utility vehicles manufactured near Munich, this firm has been able to establish itself around the world in an impressive manner—freed from often adverse currency exchange rate fluctuations.

Siemens: Not only in the area of computers is the self-styled "world's only pure electro-multinational" very big and competing on the leading edge. Nothing happens in the area of medical technology in the world today without Siemens products either. Latest proof of Siemens' rank in this area as well: the so-called nuclear magnetic resonance tomograph, which opens up entirely new paths for medical diagnosis through sharply defined sectional views of the human body and, in contrast to x-ray diagnosis, avoids biological side effects.

Wacker Chemical: There is hardly a chip produced anywhere in the world that could not be traced in its "heredity disposition" back to the Bavarian chemical giant. In the white-blue [heraldic colors of Bavaria] chemical triangle near the Austrian border, Wacker Chemical produces nearly three-quarters of all the high-purity silicon that the world's computer industry further processes.

BMW: With its new 5- and 7-series models, the automobile concern has once again proven its leadership position in worldwide automobile production. BMW built its new automobile plant near Regensburg—one of the most modern of its kind in the world.

Audi: The Lower Saxony Volkswagen Company has its most expensive autos, equipped with the most advanced technology, built by Audi in Ingolstadt. Both successful models, the Audi 80 and 90, have once again just underscored the Bavarian VW subsidiary's leadership position.

Nixdorf: The only real hi-tech firm from the North has established a broad base in Munich over the past years and at the same time has transferred substantial elements of company operations to the South.

Eurosil: One-third of the approximately 400 million chips which each year are installed in digital watches all over the world are produced by Eurosil in Eching near Munich.

The most important branches of the Max Planck and Fraunhofer Institutes as well as of the German Research and Experimentation Institute for Space Technology provide the commercial hi-tech settlements with the necessary scientific background and support. In addition to that: The once strong film industry in Hamburg has not made a film in the Hansa City which has been a real success with the public since the 1960's. Instead, one box office hit after the other is now coming out of Geiseltal near Munich. The Bavarian capital long ago replaced the former press metropolis, Hamburg, as a cauldron of media activity. And in 1992 when the Munich II air terminal in Erdinger Moos is completed, German Lufthansa Airlines will utilize its air traffic terminal there which will be on a par with Frankfurt.

The question remains as to just why in Bavaria such a brilliantly self-complementing conglomeration of politics, commerce, creativity, entrepreneurial drive and feeling for the world market could develop. The great recreational value of the Land of the Lower Alps, which allegedly stimulates productivity as nowhere else in the FRG, cannot be the sole reason. And the generously administered investment stimulation programs, which allow for up to 90-percent consultation fee subsidies, which guarantee up to 50-percent subsidies for new developments and make available investment credits at reduced rates of interest, can only lubricate the works but, by themselves, cannot keep them going. Edzard Reuter, boss of Daimler Benz in Stuttgart and a Social Democrat—and therefore right away twice removed from suspicion in his capacity as a person to give testimonials for Bavaria—believes he can answer the question: "Industry and conservative politics just have a similar wavelength. And much of what is important today is simply there in the South."

13238/9604

St Gobain Invests in Oberland Glass

36200143a Frankfurt FRANKFURTER ALLGEMEINE ZEITUNG in German 30 May 88 p 16

[Article by G.M.: "St Gobain Is a 'Partner of Choice' for Oberland Glass"]

[Text] Oberland Glass AG, Bad Wurzach—St Gobain is nothing less than the partner of choice for Board Chairman Joerg Wiegand. Effective 1 July, the French firm will own 24.9 percent of Oberland Glass (FRANKFURTER ALLGEMEINE ZEITUNG, 1 March). Application is being made to the Federal Cartel Office for proceedings to approve an increase in participation of

10.1 percent—for a total of 35 percent. In case of approval, the Wiegand family's stockholdings would then sink from 35 to 25 percent; 40 percent is circulating on the stock market.

Joerg Wiegand not only hopes to get synergistic results from this cooperation—above all in research and development—but he is also gaining some positive prospects for long-range corporate strategy from the partnership. Thus, as far as the French partner of choice is concerned, it does not bother him that France is the most important foreign market for Oberland Glass and represents more than half of the 1987 export share, which increased from 18.2 to 19.9 percent. This would amount to expansion there rather than creating competition for oneself. But were this the case, there would be no agreements, and "very sharp" competition would continue to exist.

Wiegand, together with the French partner, sees better opportunities of adapting to the Common Market in 1992. The enterprise, which to date has not maintained production sites abroad, is apparently thinking of new locations and of filling heretofore blank spots on the map.

For the second largest German manufacturer of glass containers (beverages, food), foreign business is not only a matter of supplying goods but also the provision of know-how, especially via the firm's system packaging/technical operations branch. Thus, an additional know-how contract in the field of advanced light glass technology was concluded with an American firm in the glass industry. An agreement regarding technology transfer has been arranged with the PRC. In this instance of know-how sales, five planned projects with glass melting tanks with capacities ranging from 200-250 tons daily are involved.

The further development of engineering operations will be enhanced, Wiegand hopes, by the partnership with St Gobain. The engineering field of system packaging and technology, with barely DM40 million by far Oberland Glass' smallest branch, is, to be sure, the branch with the highest rate of growth—6.2 percent after all. In 1987 the firm was able to increase its unit volume by an above-average 4.2 percent to 1.6 billion glass containers sold; sales, however, with a 3-percent increase to DM327.9 million, remained within the limited scope of past years. This is also true of the expectations for the current year, which aim at 2.5-3 percent. Competition from substitute materials such as cardboard and plastics may play a role in this, to which the introduction of a 1 and ½ liter plastic bottle, presently planned by Coca Cola and vigorously discussed under the aspects of recycling and protection of the environment, could bring an additional intensification.

To be sure, Oberland would be able to live with that, according to Wiegand, but he sees support for the substitute materials competition in the grouping with St Gobain. With the big partner at his side, he also hopes to cross the prevailing growth-threshold.

But he has had no reason to be dissatisfied with developments to date as the earnings situation demonstrates. The year 1987 showed an annual surplus which grew by a good 15 percent, which, along with a reserve allocation of just under DM6 million, permits a dividend increase from DM7.50-8 per DM50-share. According to Wiegand, the dividend increase should demonstrate confidence in the future of glass containers and in the new partnership despite growing pressure for earnings yields. Investment planning, which provides for a healthy increase from DM30-40 million for 1988, should do so to a no lesser degree. As long as the firm is successful, Wiegand says optimistically, it will also maintain its autonomy.

[Box]

The representatives of the joint owner Wiegand family, Board Chairman Joerg Wiegand and Axel-Peter Wiegand, will leave the firm's board of directors. During the course of the general meeting on 29 June, Joerg Wiegand will transfer from the board of directors to the supervisory board. The withdrawal from the board of directors existed [sic] even prior to the agreement for a partnership with St Gobain, Joerg Wiegand said. "Such a switch is beneficial." With Claude Picot and Reiner Paul Neesteson, two representatives of St Gobain will also be elected to the supervisory board, which has been expanded from three to six members. The chairmanship of the committee, which currently rests with Hans Sedlmayr of Deutsche Bank, will rotate in the future. Joerg

Wiegand might be next in line. He will also function as coordinator for cooperation with St Gobain. Franz Janasch will depart from the supervisory board of Oberland Glass. Bernhard Sachs and Horst Scheffler have been appointed new members to the supervisory board with effect from 1 July, and proxy member Hans Johst-Moder has been designated a regular member.

13238/06662

TURKEY

Firm Will Build in USSR

35540163b Istanbul *MILLIYET* in Turkish
15 Jun 88 p 5

[Text] Koray-Batur, the construction company formed by a partnership of Baytur and Koray under Cukurova Holding Company, signed a contract to build a 750-bed Health Center Hotel in Pitsun on the Soviet northeastern shore of the Black Sea, and a 250-person health center near the city of Mohachkale. The two construction projects are worth a total of \$79.5 million. A large portion of the building supplies will come from Turkey, and nearly 1,000 Turkish engineers, technicians, and workers will work on the jobs. As known, Enka Construction Company also signed a \$108 million contract early in the week to build a shopping center and a 1,000-bed hospital in the Soviet Union.

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